

NORTHWESTERN *Banker*

SEPTEMBER
1987



Iowa Banker Visits Russian Farms

- Nebraska Bank Experiments with Alternative Crops
- Dallas Will Host ABA Convention October 17-21
- Dr. Doug Austin Discusses Administrative Orders—Part II

Memo: TO: Administrative Secretaries
RE: 101st IBA annual Convention
September 11, 1987

All Correspondent Service
Division officers and
representatives will be in
Des Moines September 20-22nd.

In reference to all calls
during this time, please reply
that we will "see them at
the convention."

Jerry Trudo



Jerry Trudo
319/398-4306



Dick Retz
319/398-4806



Bob Louvar
319/398-4204



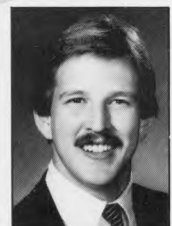
Dennis Earhart
319/398-4789



Terry Martin
319/398-4320



Andy Appleton
319/398-4314



Doug Bass
319/398-4837

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ON THE COVER

John Chrystal, chairman and CEO of Bankers Trust Company, Des Moines (\$550 million assets), and chairman of Iowa Savings Bank, Coon Rapids, Ia. (assets \$31 million), recently completed his 14th trip in the past 27 years to the Soviet Union, all at the invitation of what nation's Ministry of Agriculture which has asked him to critique Soviet agriculture and offer suggestions for improvement. Mr. Chrystal is shown in the center of the cover photo (in plaid shirt) with Russian hosts showing him a tea plantation in the Caucasus. His interesting story begins on page 22.

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

Publisher & Editor
Ben Haller, Jr.

Associate Publisher
Robert Cronin

Associate Editor
Diane Nelson

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Sayre Elected President of Robert Morris Associates

William H. Sayre, executive vice president, Fidelcor, Inc. and Fidelity Bank, Philadelphia, was elected president of Robert Morris Associates in the association's annual election on August 7. RMA is the national association of bank loan and credit officers.



W.H. SAYRE

Thomas E. Boland, vice chairman and chief administrative officer, First Atlanta Corporation and its lead bank, The First National Bank of Atlanta, was elected RMA's first vice president. David L. Eyles, chief credit officer, Chemical Bank, New York City, was elected second vice president. All terms are for one year.

United Missouri Promotions

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

Robert S. Harr has been promoted to senior vice president in the commercial banking department. He leads the commercial and residential real estate lending for the bank. Mr. Harr joined United Missouri in 1977 after being affiliated with other banks in Maryville, Mo. He holds a bachelor's degree in finance from Northwest Missouri State University in Maryville, Missouri.

M. Diane Summers has been elected an assistant trust officer in the employee benefits department of the trust division, responsible for administering retirement accounts for employee benefit customers.

Ms. Summers joined United Missouri Bank in 1984 as a pension trust administrator.

Theresa J. Wright has been elected assistant corporate trust officer in the trust division where she is responsible for the administration of various corporate trust accounts. She was previously associated with another financial institution before joining United Missouri in 1984 as an administrative trainee.

Mary A. Batson has been elected a personal banking officer where she is responsible for retail sales and customer service.

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Across The Desk from the Publisher

Dear Readers:

Two events stand out in my life as the epitome of what it means to be a real banker, one who can combine good business judgment with a human understanding of one's genuine need at a crucial time. I have shared these rather personal and emotional stories publicly on only one occasion on the spur of the moment, but one of the bankers involved died recently and that prompts me to share with all of you these two special events in my life.

The first occurred in 1935 in Omaha, where I was born and reared. My father was a native of Blair, Nebr., was graduated from Creighton University School of Dentistry in 1913 and had been a successful dentist in Omaha until he was sidelined with a crippling disability in 1927 at the age of 37. That was tough for one who was a four-letter football player, a basketball player, a former city tennis champion, an 80 golfer, an avid hunter and fisherman, but he never complained. He had more important things on his mind—he had a family of 14 children to feed, clothe, house and send to school!

Three months before he was disabled, he had finally said "Yes" to an insurance agent patient of his and had taken out a disability-for-life income policy that paid him \$4,800 per year—about one-third of his former income. (At that time, disability was limited to \$10 per thousand of life insurance owned, and Dad had \$40,000 in coverage, a fairly large amount in those days.) After three months in the hospital and in bed at home, he was able to get around for about two years or more with a body cast from his shoulders to his waist, and with the help of crutches. Later, he carried a cane most of the time in the event of fatigue.

After having paid Dad his \$400 per month from the time of his disability, the insurance company began delaying tactics on monthly payments after the Great Depression set in with a vengeance—about 1932-33—and finally in 1935 the company ceased payments, declaring my Dad was faking, etc., and filed a lawsuit against him stating he owed them the money they had paid him already! My two oldest sisters were completing their college education with two-year academic scholarships both had won. I was the oldest of eight sons, carried newspapers, had two minor part-time jobs and was barely 16. The big squeeze was on by the big insurance company trying to force my Dad into a settlement for a drastically reduced amount.

Dad had one angina attack after another from the tension and worry. My mother, who could give lessons to Congress and the Director of the Budget on how to eke out one's finances, held the family together financially and spiritually, while taking care of her ailing husband.

Then, I remember the day Dad was called to the telephone! It was J. Frank McDermott, vice president at First National Bank of Omaha, and Dan J. Monen, trust officer and head of the trust department at Omaha National Bank. I recall vividly standing in the

big hallway watching Dad listening without interjecting a word. At the end of the brief conversation he was able only to say, "Thank you, both of you, and God bless you." He turned from the phone to Mother, who was standing by not knowing who was on the phone and through his tears on that kindly, loving face I heard him say merely, "Well, Mother, we're saved!"

When the emotions died down he related that those two bankers, both long-time friends of his, had called with a brief message: "Ben, we have every confidence and trust in you. We know you're going to win this lawsuit and we're going to see you through it. We're depositing \$1,000 in your account (at First National, in whose building he had his dental office since 1917)." That's all there was to it. No discussion of payback, no discussion of collateral or formalities, just "We've deposited \$1,000 in your account!"

I have no knowledge of what discussion, if any, took place prior to that phone call. All I can tell you is that as a 16-year-old boy I was highly impressed with what those two men did for my mother and father, and I was impressed by the fact my parents had friends like that. I can also recall they were among the very first to be paid back from the judgment awarded my father when he won that suit more than two very long years later. It was my good fortune to know Frank McDermott and Dan Monen personally after I joined this magazine in October, 1945.

The second event was an even more personal one and took place about February 8, 1958, barely a week before I was to sign a contract purchasing a partnership interest in our magazine. Unexpectedly, I came up \$5,000 short for the rest of the cash down payment I was to make. I decided to go down to the Central National Bank here in Des Moines (now First Interstate) and confer with Ed Buckley, then president of the bank, who had earlier told me to let him know if I needed help. I recall looking up at the big lobby clock over the east door and it said 8:45 a.m. as I walked in. Ed was in his office alone, just off the lobby, and when he saw me out there he waved me into his office.

His first words were, "You look like you lost your last friend! Is there something I can do?" I explained briefly, then told him we had paid cash for our lot and a large share of the new home we had moved into just nine months earlier, so I was cash poor right then. I remember telling him all I could give him was my paid-for car as collateral and a second mortgage on our new home. Ed's response was brief: "I don't want your house or your car. All we need is you working. How do you think you can pay it off?" When I told him probably in three years he said, "Come on with me."

We walked out to the note cage across from his office. Ed reached through, pulled back a padded form and wrote in the date and \$5,000. He asked me to sign

ACROSS THE DESK. . .

(Turn to page 88, please)



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United Missouri Bank Signs Marketing Accord with Modern Banking Systems

UNITED Missouri Bank recently signed a marketing agreement with Modern Banking Systems, Inc. of Omaha to offer an in-house data processing system to banks.

United Missouri has exclusive licensing rights in Missouri to lease a complete MBS software and hardware package that will enable the customer to process all internal applications. United Missouri will market and service the system through-

out the Midwest region, including Kansas, Iowa and Illinois.

"This MBS package allows United Missouri to enhance its family of data processing facilities," states Gary Foltz, senior vice president in the operations department of United Missouri Bank of Kansas City. "Many community and independent banks need the capabilities to process their daily transactions for demand deposit, loans and other

accounts. This package has the flexibility to adapt to the specific needs of these smaller banks, yet it is relatively simple to operate and manage."

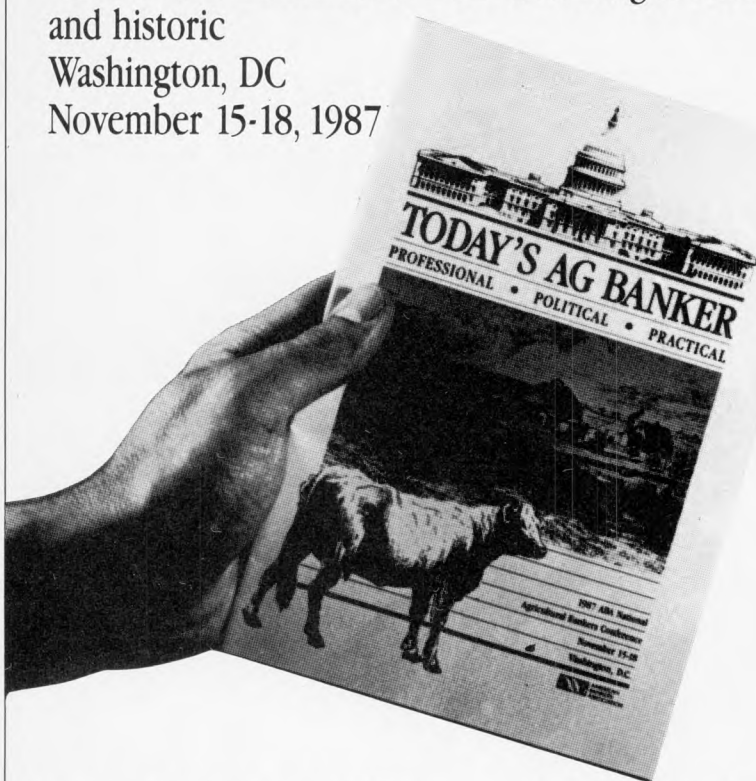
United Missouri has been a recognized leader in providing data processing needs for community banks. The MBS package offers a cost effective alternative to the mainframe processing that United Missouri continues to offer. The new UMB system offers customers' high performance minicomputer technology not available on micro- or personal computers. The software includes a central information file, proof of deposit and MICR entry, demand deposit accounting, applications for savings, individual retirement accounts and certificates of deposits. In addition, the system has loan, general ledger and audit confirmation capabilities.

United Missouri provides its in-house processing system customers with a complete package of minicomputer hardware, the MBS software, service and maintenance for the entire system, installation and training.

Modern Banking Systems, Inc. provides in-house data processing systems specifically for financial institutions. The company, which is headquartered in Omaha, Nebraska, markets the software with computer systems manufactured by Texas Instruments.

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Consumer Bankers Name Joe Belew as President

The Consumer Bankers Association board of directors named Executive Vice President Joe Belew to succeed Thomas E. Honey as president, effective Aug. 31.

Mr. Honey, president of CBA for the past two years, announced his resignation effective Aug. 31 to become senior vice president and director of marketing at the California-based firm of DHL Worldwide Express, an overnight document and small parcel delivery firm, with annual sales exceeding \$1 billion.

Before joining CBA, Mr. Belew, 38, served as chief aide to U.S. Rep. Doug Barnard, D-Ga., a prominent member of the House Banking Committee. He previously served as a staff aide in the Senate, and has served in and directed several political campaigns, including advance work for national candidates.

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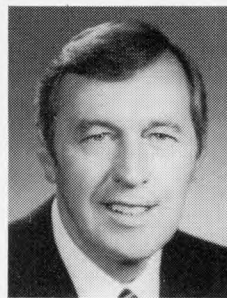
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George Beck Heads LaSalle's Financial Services Area

George J. Beck, Jr., the national director of financial services with Ernst & Whinney, was named executive vice president of administration at LaSalle National Bank in Chicago, effective September 1.



G.J. BECK, JR.

After a long career with the public accounting firm, Mr. Beck will be in charge of LaSalle's financial planning, controllers, auditing and tax divisions. He will direct these same activities also as executive vice president of ABN/LASALLE North America, Inc., the management company for the North American banking network of Algemene Bank Nederland, N.V.

Mr. Beck was made a partner at Ernst & Whinney in 1986 and became head of the firm's midwest banking practice. During his tenure in Chicago, Mr. Beck's client list included LaSalle, Continental Bank and Exchange Bank.

Homer J. Livingston, Jr., chairman and chief executive officer of ABN/LASALLE North America, Inc., said, "George Beck is not only a seasoned banking pro, but he is also particularly well-versed on Chicago banking. He will be a tremendous asset to the organization."

Most recently, as partner in charge of the financial services group in New York, Mr. Beck directed the firm's nationwide auditing, consulting and tax services to financial institutions.

In addition, he was chairman of the firm's financial services industry committee and co-chairman of the international banking committee. Earlier in his career with Ernst & Whinney, Mr. Beck helped write the Original Bank Audit Guide for the American Institute of CPAs.

Promoted at Heller, Inc.

Mitchell F. Vernick has been named executive vice president of the Leveraged Funding Group of Heller Financial, Inc. He will be based at the company's headquarters in Chicago. The appointment was announced by Michael J. Litwin, Group President.

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FBS Insurance Rises to 14th Place in the Nation

FBS Insurance, a subsidiary of First Bank System, Minneapolis/St. Paul, Minn., has risen to 14th largest among U.S. insurance brokers, according to a recent survey by *Business Insurance*, an industry publication. FBS Insurance is both the largest U.S. insurance broker operated by a bank holding company and the largest broker headquartered in the Upper Midwest. The firm was ranked 15th largest in last year's survey, which bases performance on annual gross revenues.

In 1986, gross revenues increased 8.6 percent to \$29.2 million in 1986 from \$26.9 million the previous year. Premium volume increased 28.5 percent to about \$166.5 million from about \$129.6 million in 1985.

FBS Insurance provides both life/benefits and property/casualty products through 296 employees in 19 agencies in Minnesota, North Dakota, Montana and Wyoming, as well as in all First Banks located in Minnesota, Wisconsin, North Dakota, South Dakota and Montana.

BAI Offers New Programs

Bank Administration Institute has announced a series of highly productive, cost-effective in-bank training programs designed to bolster the total sales performance of financial institutions.

The new programs focus on productive selling, customer development, sales management, teller referral training and interpersonal skills.

Each of the programs, which last one to three days, can be customized to reflect an individual bank's special concerns. Professional trainers lead the sessions or can instruct in-bank trainers on how to conduct them.

To produce challenging programs for participants, a variety of teaching aids are employed, including detailed reference manuals than reinforce ideas introduced in the sessions; short video vignettes; computer-based performance tools and videotape role plays.

For more information about the programs call Stephen Rowe, manager of in-bank training services, at 800/323-8552.



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The program, designated "Unified Facilities Development," goes well beyond the services offered by any other architectural or design/build firms, according to Rex H. Dunlap, Bank Building executive vice president and chief operating officer.

Mr. Dunlap said the Unified Facilities Development approach responds to the growing demand from financial institutions for help in dealing with new operational and marketing requirements. "Financial executives are coming to realize that in order to remain competitive they're going to have to capture every possible efficiency," Mr. Dunlap said. "Institutional performance must be viewed from a more comprehensive viewpoint. Operations, marketing and facilities management are inseparably interrelated."

The Unified Facilities Development approach responds directly to this new concern by supplying authoritative analysis and recommendations concerning operational efficiencies, marketing objectives and strategic planning *before* design begins, Mr. Dunlap said.

"We're getting into the process much earlier than design firms have traditionally done, providing a comprehensive framework for an institution's facilities-related decisions. We're also 'getting out' of the process later, offering warranty programs that maintain our relationship for years after the facility is completed," he stated.

As a result, Unified Facilities Development does more than simply produce an attractive, functional facility, Mr. Dunlap said. "It leaves the institution itself with an informed understanding of its own market, of its marketing objectives, and of its present and future operational structures. In an extremely competitive environment, those are things this industry needs."

BAI Names New Chairman

Philip F. Searle, chairman of the board of Sun Bank/Naples, N.A., Naples, Fla., has been elected chairman of the board of Bank Administration Institute for 1987-88 fiscal year. The new chairman-elect of the Institute is Michael P. Esposito, Jr., executive vice president and chief financial officer of Chase Manhattan Bank, N.A., New York.

● Phoenix Will Host BMA Conference

THE president and chief operating officer of First Interstate Bancorp., Edward M. Carson, has been added to the roster of those slated to speak at the Bank Marketing Association's 72nd National Marketing Conference, to be held Sept. 27-30 at the Phoenix Civic Plaza.

Mr. Carson, whose session is titled "Don't Look Back—Somebody May Be Gaining on You," will discuss how First Interstate is positioning itself for success in the coming years. During his career, Mr. Carson helped pioneer bank franchising and the national Cirrus ATM network.

BMA's Annual Conference is the premier marketing event of the year for financial institution marketing executives across the nation. The four-day conference is expected to draw 2,000 participants.

Also headlining the BMA National Marketing Conference as speakers are: Lawrence Kudlow, chief economist at Bear, Stearns, & Co., who is also editor of *The Global Spectator*, the company's economic

forecast publication; Michael Mescon, dean of the College of Business Administration at Georgia State University and head of a consulting firm that has worked with businesses in areas ranging from organization redesign to arbitration; and Charles Garfield, author of the best seller *Peak Performers* and a member of the clinical psychology faculty at the University of California-San Francisco.

On the National Conference's entertainment calendar is a special presentation by Broadway-TV actor James Whitmore who will present his one-man show, "The Wit and Wisdom of Will Rogers."

Apart from the main general session speakers, a special "hot topic" session on the future of debit cards is planned. Offering their perspectives on the topic will be John F. Fisher, senior vice president, Banc One Corp., and Alex W. Hart, executive vice president, First Interstate Bancorp.

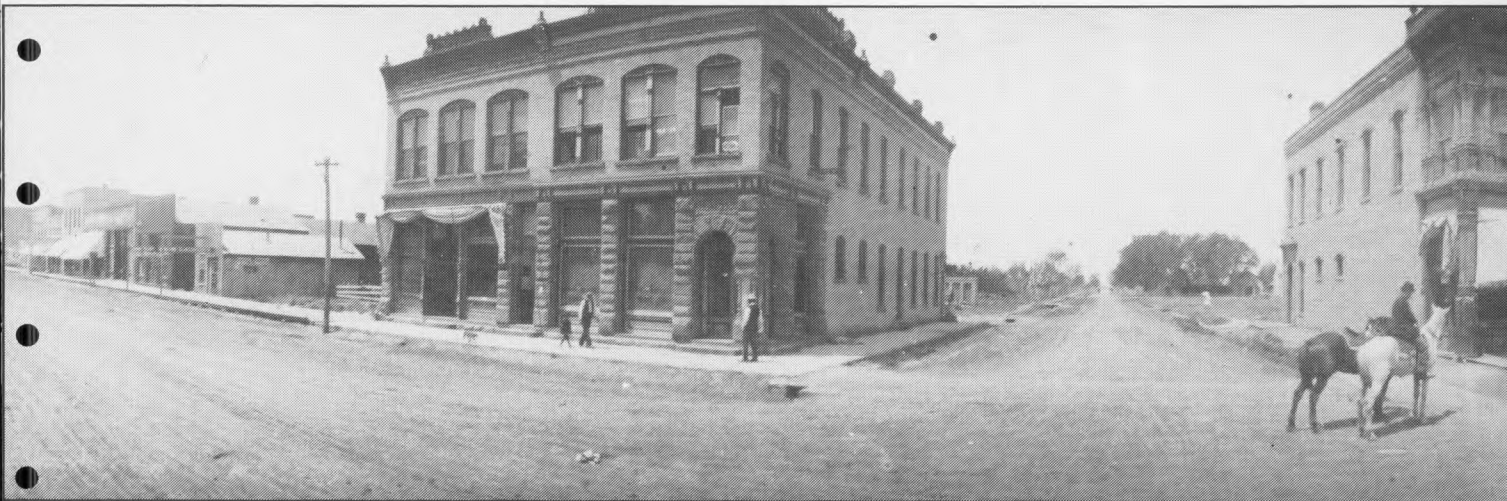
The above speakers will appear in General Session presentations,

which are intended to offer talks of general interest from "name" presenters. In addition to general sessions, the BMA National Marketing Conference will consist of strategic sessions, which will focus on new ideas in bank marketing, and tactical sessions, which will concentrate on specific case studies and will be offered in classroom-style settings.

Joe Orlando Dies at 77

Joseph (Joe) Orlando, 77, a longtime St. Louis banker, died Wednesday, August 12, 1987 after suffering a stroke at Depaul Hospital in St. Louis. Mr. Orlando was widely known in the banking industry in St. Louis and throughout much of the Midwest.

He was born in St. Louis in 1909, and began his career at the First National Bank in St. Louis (now Center Bank in St. Louis) in the collection department. He eventually assumed responsibility for the bank's correspondent banking business in Illinois, Indiana, Kentucky and Iowa. Mr. Orlando retired in 1974 as vice president.



DUST BOWL BANKING TOOK COURAGE — TODAY IT TAKES KNOWLEDGE

The Foundation of the Southwestern Graduate School of Banking is a nonprofit organization dedicated to educating bank executives at all levels of management.

Intermediate Banking School gives a one-week concentrated overview of the banking industry.

Southwestern Graduate School of Banking offers three intensive two-week sessions for a professional diploma. Assemblies for Bank Directors hosts seminars on all aspects of a bank director's responsibilities.

For more information on the Foundation and its three educational programs, please write or call:

The Foundation of SWGSB at Southern Methodist University SMU Box 214 Dallas, Texas 75275 214/692-2991.

Corporate News

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

The Kirchman Corporation, Orlando, Fla.: Tim Clifford has been named president of the Dimension 1000 and 2000 product divisions. He will be responsible for the marketing, education and customer support aspects of the company's principal integrated computer systems for banks ranging in size from start-up to \$500 million in assets. More than 6,000 banks depend on Kirchman software for their daily processing.

The Kirchman Corporation is the world leader in integrated bank information management systems and was recently selected by IBM to participate in joint, complementary marketing efforts directed toward the banking industry.

The company formerly marketed its software under the names of Omni Resources, Kencom, and Florida Software Systems. How-

ever, with the introduction of the Dimension product line, all activities were consolidated under the Kirchman name.

John Paoloni has been named senior vice president of sales for The Kirchman Corporation.

* * *

Marketing Network, Inc., Northbrook, Ill.: Alan B. Eirinberg and Michael H. Greenberg have formed Marketing Network, Inc., a full service marketing communications agency offering a full range of services including merchandising, promotional planning, turnkey promotions, direct response advertising, and public relations.

The agency's client roster includes: Marine Midland Bank, Buf-



A. EIRINBERG

falo, NY; Chemical Card Services Corporation; National Sporting Goods Association; Capital Hardware Corporation; Rand McNally Map Company; Network Services Company; Jewish Community Centers of Chicago; Fisher Pen Company; and Ultimate Foods, Inc.

Mr. Eirinberg, who is chairman of the new firm, is a former feature columnist for *Advertising Age*, a former director of the Bank Marketing Association and the Chicago Association of Direct Marketing, and past president of Chicago Financial Advertisers. He was senior vice president and marketing director for the Exchange National Bank of Chicago and the Cole-Taylor Financial Group. Mr. Eirinberg also headed Flair Communications' banking and finance division. He was vice president-marketing at PGM, Inc. from 1983 to 1987.

Mr. Greenberg, Marketing Network president, has had extensive experience in account management work with Wells, Rich, Greene Advertising; Kobs and Brady Direct Response, and Marvin H. Grank Advertising. He was account supervisor and media director at PGM, Inc. for the past four years.

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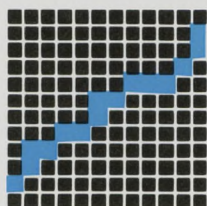
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*As reported in "Financial Services Supermarkets: The Market For Consolidation," 1986 by Kenneth Kehrer.

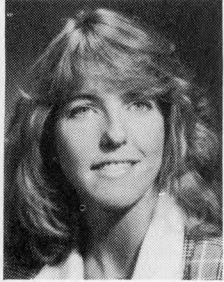
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Trans Union Credit Information Co., Oak Brook, Ill.: The company last month announced awards for three persons and new staff positions for two others.



A. O'NEILL



L. WHITE

Andrea O'Neill, account manager, Philadelphia division, was recently named the company's 1986 Account Manager/President's Cup. The award is given annually for outstanding performance in the areas of territorial and account quotas, sales professionalism, and special marketing challenges. She joined Trans Union



S. DILLON

in 1983 as a customer service representative.

Lorie White, senior sales representative, Kansas City division, was recently awarded the company's 1986 New Bureau Sales Person President's Cup. This honor is earned annually by the sales person from a new Trans Union bureau who is most instrumental in helping the bureau develop its database and market penetration within the first three years of its new affiliation.

Sally Dillon, vice president and head of human resources has received the Associated Credit Bureaus' (ACB) Education Contribution Award.

The award recognizes Ms. Dillon for her leadership contributions to ACB in the area of education. She has conducted classes at ACB's Management Institutes, supported state association educational efforts, and been involved in the development of specialized seminars, conferences, and training materials. ACB also recognized the instructional contributions she has bestowed upon ACB members.

The Domino Effect... there is an alternative

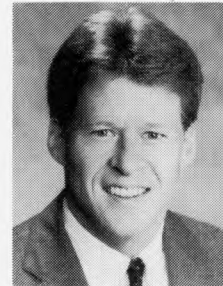


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R. FINNEY



C. WIERMANSKI

Robert L. Finney has been appointed vice president/general manager of the Northwest division of Trans Union Credit Information Co. The announcement was made by Ed Echt, western regional vice president. Previously, Mr. Finney was sales manager of the central region and was responsible for its expansion into the Texas, Louisiana and Iowa markets. He will oversee the operation of Trans Union's Bellevue, Wash., and Portland, Ore., divisions.

Chester Wiermanski has joined the national services division of Trans Union as product research manager. He will be responsible for researching and evaluating new product opportunities for Trans Union in their headquarters office, in Chicago. He will also coordinate product development and introduction, and market planning.

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Elsa Atkins, Chicago, IL.

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David R. Binkley, Underwood, ND.

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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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Ben Poidomani, Bayport, NY.

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customers the same way you would. That means satisfied
customers, and that means repeat customers for all your
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New Tools for Ag Banks:

- **Loan loss amortization enacted**
- **Secondary ag market proposed**

AFTER 50 years, the effort continues unabated to shore up the cyclical fluctuations of the critically important natural resource called agriculture. As these programs become effective through Congressional, Presidential or USDA action, they have a distinct effect on rural banks. When the fortunes of the economy regress, they generally have an adverse effect on banks as we have learned from the bitter lessons in the mid-west these past few years.

Two new efforts underway in this long chain of events aimed at shoring up agriculture and those involved in it are highly important to community bankers directly involved in agricultural lending.

The first, listed as Title VIII in HR 27, which was signed into law by President Ronald Reagan last month, permits qualified ag banks to write down their ag loan losses over seven years instead of having to deduct the total amount of loss from capital at the time the loss is recognized.

The second is an amendment to HR 3030, known as the Farm Credit System rescue bill, and this amendment would create a secondary market for long-term farm real estate mortgages that could be accessed by banks and life insurance companies, as well as FCS.

Of the two, the secondary market proposal probably will affect and aid more banks than the loss amortization section.

Loan Loss Amortization

HR 27 was a banking bill that originated in the Senate as SB 790 with about a dozen subtitles. It provided a rescue plan (Title III) for the Federal Savings and Loan Insurance Corporation, which was the sole thrust of HR 27 when it came out of the House. However, in the conference committee, the contents of SB 790 were incorporated under the HR 27 label. Title VIII of that measure, later signed by the President August 10, was an amendment for loan loss amortization initially offered by Sens. Alan Dixon (D., Ill.) and Nancy Kassebaum (R., Kan.) as part of 790. It was retained in the conference and is part of the new law.

To qualify for ag loan loss amortization over seven years, a bank must be FDIC insured, have no more than \$100 million assets, maintain a percentage of ag loans to the total portfolio at least equal to what it had January 1, 1986, and must have a plan approved by FDIC or the OCC to restore its capital within the seven-year amortization period. Losses to be amortized cannot result from fraud or crime, must be for financing production of ag products or livestock in the United States, or be secured by farmland or farm machinery. Other qualifications, as deemed necessary, may be added by federal regulators.

Losses that would have to be charged off for years between December 31, 1983, and January 1, 1992, may

be amortized. Losses on property owned on January 1, 1983, or acquired before January 1, 1992, may be amortized.

The federal banking agencies were instructed by the law to have written regulations 90 days after the August 10 signing by the President.

Secondary Market for Farm Real Estate Mortgages

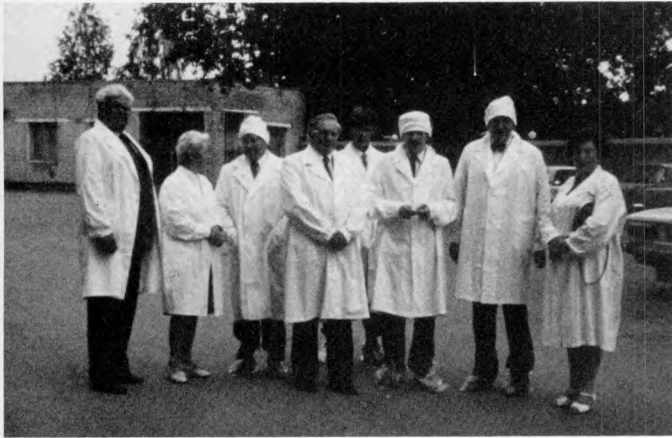
HR 3030 was approved by the House Agriculture Committee before August adjournment and is scheduled to be taken up promptly in mid-September after the summer recess. The bill is basically the rescue bill for the Farm Credit Administration. Title III of that bill would authorize formation of a Federal Agricultural Mortgage Corporation, thus providing a secondary market for long-term farm real estate loans. It would be available to commercial banks and life insurance companies, as well as the FCS. The concept is the result of extensive work done by an ABA Task Force convened two years ago by then ABA President Don Senterfitt and continued by current ABA President Mark Olson. To make the Task Force truly representative of *all* commercial bankers, Mr. Senterfitt invited the IBAA to have representation on the committee, and IBAA graciously responded immediately with then IBAA President B.F. "Chip" Backlund and current IBAA President Tom Olson. Key roles were played by a number of midwestern bankers, all of whom supported the secondary market idea as a means of permitting community banks to continue financing their customers instead of seeing them forced to seek long-term lending assistance from the quasi-federal FCS agency.

As approved to date in HR 3030, the Federal Agricultural Mortgage Corporation would have a 13-member board. FCS tried from the beginning to place the board under its control, a move obviously fought tooth-and-nail by the ABA, IBAA and life insurance companies (who had been invited to join in this endeavor and return them to viability in the farm real estate market). At this time the bill would have seven members of the board appointed by the President of the United States, two of them would have to be farmers. The FCS would have three members and the private lenders—banks and life companies—would have three members. Common stock to start up would be \$20 million.

Buying, pooling and securitization of mortgages would be done by large banks or insurance companies designated as poolers. The FAMC would certify these poolers, set the underwriting rules and appraisal stan-

NEW TOOLS. . .

(Turn to page 94, please)



IOWA banker John Chrystal (second from right) poses with Russian hosts at site of egg pilot production plant in Byelorussia.

Editor's Note: John Chrystal's uncle, the internationally known Roswell (Bob) Garst, had traveled several times to Russia after World War II and observed their farming methods. He met Nikita Khrushchev and invited the latter for what became a historic visit of the Russian leader to Coon Rapids, Ia., in 1959. The following year, when Mr. Garst's poor health forced him to decline the invitation to return to Russia, that government extended the invitation to his nephew, John Chrystal, who had accompanied his uncle on an earlier visit. Mr. Chrystal went there in 1960 and has returned at the invitation of the Ministry of Agriculture about every other year since then, now making 14 trips in all. At the conclusion of each, he returns to Moscow where he gives an in-depth honest critique to their ag leaders of conditions as he saw them.

Mr. Chrystal does not speak or read the Russian language but relates that "I've gone there enough now that I can understand agricultural talk!"

He still retains ownership in his family's Iowa Savings Bank in Coon Rapids, where he retains his longtime home, and has been CEO of the \$500 million asset Bankers Trust Company of Des Moines since 1984.



By **JOHN CHRYSTAL**
Chairman and CEO
Bankers Trust Company
Des Moines, Ia.

THIS WAS the most interesting and productive of all my trips to Russia in my 27 years of traveling there. I was taken initially on this visit to Byelorussia, located in western Russia near Poland—a republic of about 8.5 million people, with Minsk as its capital—then to Krasnodar near the Black Sea. After more than two weeks in those areas I returned to Moscow for the usual briefing and critique session with Soviet agricultural leaders to discuss their agricultural situation as I saw it, a procedure they have asked me to follow on each of my visits.

Report on Russian trip shows:

Gorbachev well accepted; agriculture lags, but improvements noted

Secretary Mikhail Gorbachev

I have known quite a few of the Soviet leaders from Nikita Khrushchev to Mikhail Gorbachev. Mr. Gorbachev is well educated and has two college degrees. In fact, he is the first college graduate to lead the nation since Lenin. He was just 10 years old in World War II, so he is also the first non-war leader. He's perfectly capable of criticizing his own country. He is able to lead it because he hasn't faced the same problems that others have. His predecessors were all old, frequently in poor health, who operated on cronyism, with accomplished corruption.

But General Secretary Gorbachev is an educated, non-military man who is strong, intellectual and well-liked—even more so than when I was last there two years ago. He sent me a letter while I was in Russia and telephoned before I left to express his interest and appreciation for my visit. We haven't met personally on the last two visits.

Historical Perspective

My first trip to Russia was in 1960. Their agriculture was awful; it was basic. There was no chemical fertilizer, no storage, none of the advances we had incorporated long ago into American agriculture. Their country needed houses at that time. Since 65% of their people were involved in agriculture, they needed to feed only 35% of the others, so manufacturing got the priority. Few of their people had education beyond high school.

Now, they have great improvements. Their chickens in 1960 laid 150 eggs, while most of ours laid 260. Now, theirs lay 250 and ours 285. They have lots of all kinds of products, but not enough. Their standard of living is narrow and stable, but substantially less than ours.

But their economy has now lagged. Agricultural production has dropped from a 4 or 5% gain to a 1% gain.

In the past, the Russian state has always said it had a contract to feed, house and employ all people in the nation. Mr. Gorbachev has reversed the deal and is restructuring the way it will now be done. He is making profound and meaningful change—not at all a drift toward capitalism, but more a remodeling of Marxism. He's saying, "I'll get the government off your back and out of your pocket."



RUSSIAN hosts proudly display for **John Chrystal** (center) this tea plantation in the Caucasus.

Farm Visits

I went to a sturgeon farm where they hatched sturgeons and then released them in the Caspian Sea to keep up caviar production. I also saw a trout farm where they were crossing trout with salmon, giving them a coho type salmon.

One farm, in spite of bad soil, was quite productive. The managers there had unbelievable authority to sign contracts on their own initiative with foreign governments. They must give the Russian government 40% of their production as return for inputs provided by the government. Under this new arrangement, they must pay for and account for tractors from the government—tractors they used to just requisition—so tractor sales have plunged. Instead of buying new tractors, they're now repairing them!

My visit to Krasnodar this year was the first time I've been able to return to an area we visited on a previous trip. In my critique on that area I had suggested a number of things, so it was interesting and heartening to find that many of those suggestions we discussed on that previous trip have now been implemented. I don't want to infer they have all taken place just because I was there, but at least our thinking was in common on ways to improve their situation. In any event, they have greatly improved grain storage; they are now growing grain sorghum; fertilizers and irrigation are in much wider use, and they have reduced the size of slaughter hogs from 260 pounds and more down to about 200 to 210 pounds.

Krasnodar is one of 29 ag complexes in the nation, a new idea. This one is made up of nine villages with 86,000 people, 36,000 of them employees, all getting paychecks from the farm complex. Pay has gone up in two years by 400 rubles, about a one-sixth increase.

In a factory—one where washing machines are made, for example—they can put out 110% of the orders brought back. If they can't make sales, the factory workers are let out.

However, the state places a floor under all workers wages and any worker laid off is paid by the government.

Secretary Gorbachev has a vision that includes the part played by workers in Russia and I think he'll probably succeed. He has a substantial majority in the Politburo and has control in the Central Committee,



1 inch = 1,420 miles

RUSSIA

Area: 8,599,300 sq. miles (2.33 x Continental U.S.)
1,919,750 in Europe; 6,679,550 in Asia
Coastline: 27,600 miles
Pop.: 280,000,000 (est.)

191,000,000 in Europe; 89,000,000 in Asia

Distribution: Rural = 52%; urban = 48%

Pop. Density: 32.5 persons per sq. mile

★ = Republic of Byelorussia. Pop.: 8.5 million (1960)

• = City/area of Krasnodar. Pop.: 370,000 (1960)

UNITED STATES

Area: 3,675,633 sq. miles (Continental U.S. only)
Coastline: 4,993 miles (with Alaska & Hawaii: 12,383 mi.)
Pop.: 230,000,000 (est.)

Distribution: Rural = 30%; urban = 70%

Pop. Density: 62.5 persons per sq. mile



John Chrystal finds Russian fishing can be as much fun as it is at home!

although he has not appointed them all, but I think that will change this next spring.

Wrap-Up Critique Session

I suggested to my hosts during the critique session in Moscow that they send people who have graduated with a Botany degree to run the big farms of 86,000 people. I also suggested they use people with a busi-

ness degree to run those farms. They need a great increase in productivity, both in quantity and quality.

As another part of our discussion I suggested further that they use irradiation of foods to increase shelf life.

They keep referring to the war and what it did, but I tell them to look at Germany and Japan and see how those people have progressed. Secretary Gorbachev agrees. They need refrigeration and many, many improvements. Their food quality and production is just plain bad.

You cannot have scientific revolution without sharing information. Mr. Khrushchev failed in part because he didn't have enough education to understand agriculture. He planted corn from south to north when it wasn't geographically suitable. He was tough and gross, and he lost his popularity.

This man (Mr. Gorbachev) is not like that. It will take a long time. Their workers don't work anywhere near as well or as hard as ours do. They need trillions of rubles to get up to speed. Two years ago the Russians were consumed with an interest in the United States and war, but that is different now.

On our part, we spend so much for defense we're hurting the economy we're defending.

I think Secretary Gorbachev has a 70% to 80% chance of success. He's given the Soviets a chance for hope and optimism. We spend 7% of our money on defense; he spends 17% to 18%. He needs trillions for infrastructure development. He now *needs* an arms agreement with us and I think we'll get it.

I have invited two people to travel here to Iowa from Russia to take part in our Iowa Writers Workshop at the University of Iowa. Also, I have invited Viktor Nikonev, who is the ag czar of Russia, to visit us here and he has accepted. We are planning joint ventures.

I met with Secretary of State George Schultz and told him we should have several joint ventures to begin with that will work. Because we are a leader in technology, we must maintain our world leadership position. It will be a complicated affair, but the market is so enormous that I don't think we should avoid it.

I think the possibility of war with them is zip and if we're not going to war, then we should cooperate with them on some projects. It will be an enormous gain for our nation and for the world's benefit. □

ABA Schedules Debit Card Workshop in Chicago

The effect of Point-Of-Sale shopping on consumers, merchants and bankers will be spelled out at the American Bankers Association's 1987 Financial Network Workshop on POS, October 4-6, at the Palmer House in Chicago. The focus of the workshop will be ABA's final on-line Point-Of-Sale Guidelines which were scheduled to be published in August. The guidelines are designed to pave the way for POS systems which directly debit a customer's bank account at the point of sale.

The workshop starts with registration Sunday, October 4 at 4:00

p.m., with a reception that evening. Business sessions run throughout the day on Monday and conclude just prior to Tuesday noon.

RMA to Meet in Honolulu

More than 1,600 members of Robert Morris Associates and their spouses are expected to attend RMA's 73rd annual Fall Conference convention at the Hilton Hawaiian Village, Honolulu, November 1-4. The theme of this year's business program is "Charting Your Course for Survival and Growth in Commercial Banking." Over 20 different sessions will show bankers how to allocate the resources, design the systems, and develop the products that

can lead to increased profitability for their institutions, today and in the future.

RMA is the national association of bank loan and credit officers.

The keynote address for the Conference will be delivered by Richard J. Flamson, III, chairman, Security Pacific National Bank, Los Angeles. Also slated to give major addresses are RMA's President-Elect William H. Sayre, executive vice president, Fidelity Bank, Philadelphia; Lowell L. Bryan, director, McKinsey & Company, Inc., New York City; George Weinwurm, partner, Durkee-Sharlit Associates, Los Angeles; and John Guaspari, author of *I Know It When I See It*.

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“Bankers must help their ag customers change with the times.”

“AT 1st National, we believe the way to solve the problems of the banking community is to help farmers solve their problems.”

An interview with
C.G. “KELLY” HOLTHUS, President
First National Bank of York
York, Nebr.
by
William A. Hamilton, Lincoln, Nebr.

HIS father started out as a tenant farmer, so C.G. “Kelly” Holthus grew up farming someone else’s land. Today, his father owns two farms and Kelly Holthus is president and CEO of a \$120 million bank. Last May, Kelly completed a highly successful year as president of the Nebraska Bankers Association.

Of late, farming and banking have not been growth industries, but the 1st National Bank of York, over which Kelly Holthus presides, has managed its way through these difficult times to renewed profitability.

“For as long as anyone can remember, we have been one of the top 100 banks in the nation in terms of agricultural loans,” says Mr. Holthus. “Yet, in a way, our survival during these hard times for agriculture is a tribute to our borrowers and a tribute to our directors and staff.

“At 1st National, we believe the way to solve the problems of the banking community is to help farmers solve their problems.

Cost Control Is a Key

“Because I grew up on a farm, and a tenant farm at that, I know a little bit about what it takes to keep overhead and production costs down and still have a little money left over.

“Today, my Dad owns a couple of farms, but he made the transition from tenant farmer to farm owner by virtue of his willingness to work, to work with minimum debt, and to work minus some equipment that would have been awfully nice to have.

“A bank is simply a reflection of what’s happening on the land around it. In 1986, our loans began to perform better, so our earnings are up slightly.

“Our farmers are adjusting to the realities of a new

market place. They have learned to cut costs at almost every opportunity. They are running with less debt. Every farm does not need an \$80,000 tractor and an \$80,000 combine. Some of our better operators hire certain jobs done or they can rent the equipment.

“Also, the farmers who will make it into the 21st Century must be willing to break away from some of the traditional ways of doing things and are willing to try some alternative crops,” says Holthus.

Leader in Diversified Crops

Not one to say: do what I say and not what I do, Mr. Holthus and eight of his loan officers have started their own diversified crop operation.

The bank took 26 acres of land owned by 1st Trust Company of York and, with the help of the loan officers, planted onions, cauliflower, broccoli, sweet corn, lima beans and muskmelon.

“On evenings and weekends (and sometimes during banking hours) our loan officers go out to move the irrigation pipes around and keep the weeds out,” states Mr. Holthus.

“We planted a special kind of onion that’s ideal for onion rings. We discovered an onion ring plant up the road that imports its onions from Idaho. That’s ridiculous! Nebraska farmers can grow the right kind of onions better and cheaper. We don’t like to see the onion ring plant exporting money to Idaho when that money could be earned by Nebraska farmers and kept here.”

“We’re not in the business of farming, so we’re just

HELP AG CUSTOMERS. . .

(Turn to page 63, please)

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American Bankers Association Annual Convention Dallas Convention Center October 17-21

THE AMERICAN Bankers Association will hold its annual convention Oct. 17-21 at the Dallas Convention Center. Presiding over the gathering will be Mark W. Olson, president, Security State Bank, Fergus Falls, Minn., who has served for the past year as ABA president. Slated to succeed him is Charles Pistor, chairman and chief executive officer, Republic-Bank, Dallas. Thomas P. Rideout, senior vice president, First Union Corporation, Charlotte, N.C., has served as treasurer and will become the Association's new president-elect. Also serving on the Executive Committee for the past year has been Donald G. Ogilvie, ABA executive vice president.

Speaking at the meeting will be the new Federal Reserve Board chairman, Alan Greenspan; U.S. Comptroller of the Currency Robert L. Clarke; FDIC Chairman L. William Seidman; ABC News anchorman Ted Koppel; news commentator Paul Harvey; entrepreneur H. Ross Perot; U.S. Sen. Phil Gramm, and a panel of top-ranked correspondents from *Time* magazine.

Sunday's fellowship gathering will feature Dr. Norman Vincent Peale and the 100-member Texas Boys Choir. Also that morning is the Government Relations Forum featuring Federal Reserve Board member H. Robert Heller.

New this year will be roundtable discussion sessions on Saturday afternoon and a series of workshops for

bank directors. More than 200 companies will have exhibits in the exposition center, which will also include the ABA Technology Expo.

Sunday night's reception at the Loews Anatole Hotel will star the Smothers Brothers, magician Harry Blackstone, Jr. and comedian Freddie Roman. Tuesday night's reception at the Fairmont Hotel will feature a salute to the 200th anniversary of the U.S. Constitution.

A special treat during the spouses' program will be presentations by actresses Helen Hayes and Patricia Neal. NBC "Today Show" news anchor John Palmer will also appear.

The preliminary schedule is as follows:

Saturday, Sept. 17

A.M.

- 8:30 Grand opening ceremony.
- 9:00 Exhibits open.
- 10:30 Banking industry sessions.

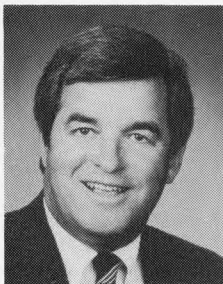
P.M.

- 2:00 Banking industry sessions.
- Peer group sessions.

Sunday, Sept. 18

A.M.

- 8:00 Exhibits.
- 8:30 Fellowship gathering.



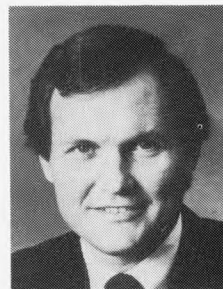
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TOM RIDEOUT
Treasurer



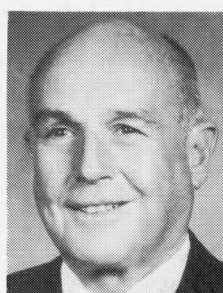
DON OGILVIE
Exec. Vice Pres.



T. KOPPEL



P. HARVEY



L.W. SEIDMAN



N.V. PEALE

10:30 Government relations forum, banking industry sessions.

P.M.

6:00 ABA reception, Loews' Anatole Hotel.

Monday, Sept. 19

A.M.

8:00 Exhibits.

8:45 General session.

P.M.

1:45 Banking industry sessions.

3:15 Banking industry sessions.

Tuesday, Sept. 20

A.M.

8:00 Exhibits.

8:45 General session.

P.M.

1:45 Banking industry sessions.

3:15 Banking industry sessions.

6:00 ABA reception, Fairmont Hotel.

Wednesday, Sept. 21

A.M.

8:45 General session, Fairmont Hotel.

11:00 Convention adjournment.

FBS Capital Opens New Trading Room

THE NEWEST and largest trading room in the upper midwest was recently put into operation by FBS Capital Markets Group, the capital markets arm of First Bank System, Minneapolis.

Located at 100 South Fifth Street in downtown Minneapolis, the Group's new headquarters occupies 37,000 square feet, employs 220 people and features the latest workstation technology from Micrognosis, Inc. Through a single keyboard, traders and sales staff can access personal computers and online information via as many as eight screens.

"We are now using sophisticated technology that connects our traders and sales staff with financial markets worldwide," said Gerald A. Kraut, executive vice president and head of FBS Capital Markets. "This technology improves our ability to provide investment services to our clients."

"Each trader can now manipulate and display up-to-the-minute data from broker services, news services, quotation vendors, personal computers and inhouse databases, which strengthens our investment capabilities. Geographic location is really no longer a factor in accessing information about global markets."

According to Mr. Kraut, the FBS Capital Markets Group trading floor has two unusual features: Every workstation can be integrated into

First Bank System's computer network; and a foreign exchange system provides "real time" downloading of data from satellite communication links into a microcomputer, which facilitates timely options pricing.

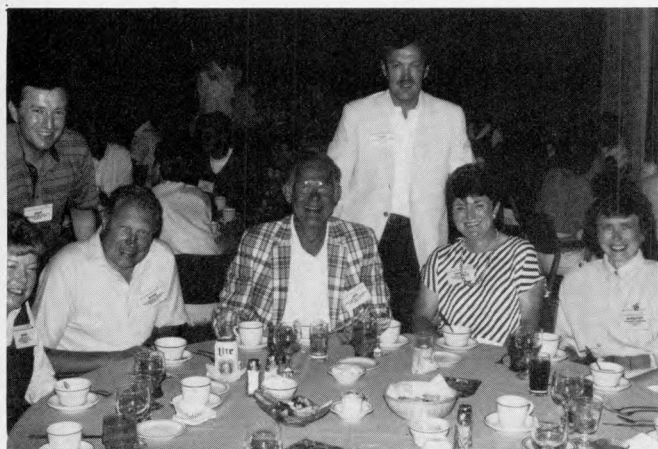
"Real time" market information passes to the appropriate workstation screens as soon as the source generates it, providing the most accurate market and pricing data available. The trading force has access to Reuters News, Telerate, Dow Jones and other market data sources to collect information needed for trading decisions. Traders also use the system to track house information on securities and bonds available in the group's own inventory.

Construction of the space required 474 miles of wiring, and air conditioning capabilities triple the typical office space to accommodate the high concentration of screens and keyboards and high activity levels on the trading floor.

FBS Capital Markets handles origination/securitization, structuring and distribution of a wide range of tax-exempt and taxable fixed income instruments in both the U.S. and European markets. Investments available through the group's offices in Minneapolis, St. Paul and London include government and agency securities, money market instruments, municipal obligations, interest rate products, certificates of deposit, foreign exchange and related products and mortgage-backed securities.



A work station in the FBS Capital Markets new trading room.



THOSE attending the Central States Conference from state bankers associations within NORTHWESTERN BANKER readership area are shown in the accompanying photos, reading from left to right in each row:

COLORADO—(Standing) **Don Childears**, CBA exec. v.p., Denver, and **Tony Anderson**, chmn. CBA and pres., Kiowa State. (Seated) **Jean and Dave Scruby**, pres-elect CBA and chmn., Evergreen Natl.; **Jon Coates**, pres. CBA and chmn., Century Bank of Denver; **Sheila Coates**, and **Margaret Anderson**. **ILLINOIS**—**June and Bill Hocter** (standing), IBA exec. v.p., Chicago, and **Sandy and Jack Emmons**, pres. IBA and pres., Security B&T, Mt. Carmel.



Stan Matzke Presides at Central States Meeting

By **BEN HALLER, JR.**
Publisher

THE Central States Conference, composed of 15 state bankers associations, met in late July at Madden's Resort on Gull Lake at Brainerd, Minn., for the organization's 76th annual meeting. Chairman of the Conference this past year and presiding at the July meeting was Stan Matzke, executive vice president of the Nebraska Bankers Association.

He is succeeded as Conference chairman for the coming year by Donald A. Booth, executive vice president of the Michigan Bankers Association. Mr. Booth and

the MBA will host the Conference for the 1988 meeting at the Grand Hotel on Mackinac Island next July.

During their two-day meeting, the managing executives of the associations and their elected state officers exchanged ideas on projects, problems and opportunities experienced by each. Emerging as a definite trend this year is the move away from reliance on dues to fund all association activities to more fee-based income from pay-as-you-go meetings for members, to subsidiary activities developed by the associations. The most widely developed subsidiary activity among the 15 associations is insurance.

All the associations are refining their activities to include those types of seminars and meetings that banker members tell them are most needed, and with registration fees charged for attendance at the meetings, it is the users who pay for the service, rather than being subsidized by the general membership fund. Legislative activity continues to be the most important



IOWA—**Lee and Russ Howard**, pres. IBA and chmn., Mahaska Investment Co., Oskaloosa, and **Mary and Clair Lensing**, pres.-elect IBA and pres., Farmers State, Marion. **MINNESOTA**—(Seated) **Susan and Bill Sands**, 1st v.p. MBA and chmn., Western Bank, St. Paul; **Shirley and Jim Jorstad**, pres. MBA and pres., Citizens State, Hayfield. (Standing) **Chris Sands**; **Leila and Truman Jeffers**, MBA exec. v.p., and **Mark Olson**, pres. ABA and pres., Security State, Fergus Falls, Minn.





NEBRASKA—(Standing) **Karen Miller**, NBA dir. of educ.; **Harley Bergmeyer**, pres.elect NBA and pres., Saline State, Wilber; **Ron Arrigo**, NBA conf. dir.; **Don Blaha**, pres. NBA and pres., 1st Natl., Ord; **Mary White**, NBA dir. of commun.; **Stan Matzke**, NBA exec. v.p., Lincoln, and **Bill Brandt**, genl. counsel NBA. (Seated) **Marcia Bergmeyer**; **Kolleen Hoover**; **Dorothy Matzke** and **Rose Marie Brandt**. **NORTH DAKOTA**—**Roger Berglund**, pres.elect NDBA and pres., Dakota Western, Bowman, with his wife **Susan**, and **Don Childears**, exec. v.p., Colorado BA.



work within each association.

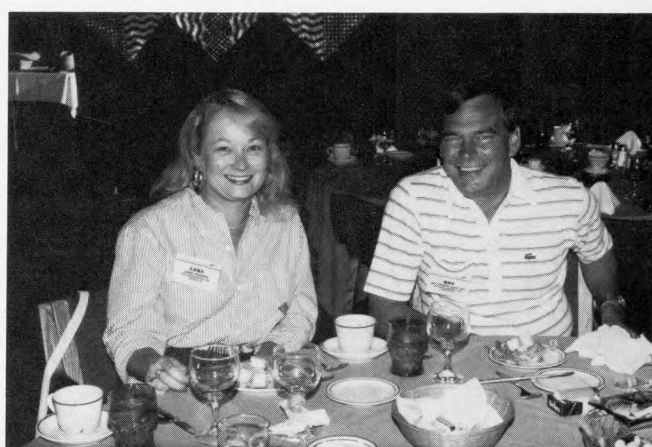
Identifying the most needed types of programs has been the job, in many associations, of special Task Forces. The use of these Task Forces has been used effectively, the associations reported, for a variety of undertakings. Chief among them have been Task Forces devoted to studying statewide economic development and long-range planning for the associations.

Economic development was a key topic at the 1987 Central States Conference meeting as association executives and elected officers alike said they perceive a great opportunity for the banking industry to display leadership in economic development at this time. This assessment reflects banking's desire, they said, to help pull the economy of each state back from the low point reached in the past four years due to drastic changes in both the ag economy and energy industries that cut across most of the 15 member states. Several of the state associations gave interesting presentations on how they are proceeding with this drive for economic development, with Indiana, Kansas and Wisconsin officials relating their specific endeavors.

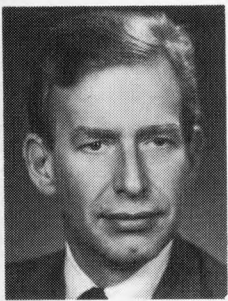
In addition to discussing a broad range of mutual association functions, the Conference members heard an address from Mark K. Olson, president of the ABA and president of Security State Bank of Fergus Falls, Minn. Mr. Olson reviewed federal legislation, especially H.R. 27, which was subsequently adopted with modifications by the House and Senate and then signed by President Reagan last month, and a pending secondary market for ag real estate loans.

Other guest speakers included Justin Moran, who heads his own research firm in Lansing, Mich., who presented the "Credit Union Study" for the Michigan Bankers Association.

In addition, leaders of The Graduate School of Banking at the University of Wisconsin, Madison, which was founded and operated under auspices of the CSC, gave reports on the school. These included William H. Kennedy, Jr., president of the Graduate School, past president of the ABA and chairman of National Bancshares, Corp., Pine Bluff, Ark.; Richard I. Doolittle, executive vice president of The Graduate School, and Dr. Jim Pappas, academic dean of the school. □



SOUTH DAKOTA—**Diane** and **Larry Ness**, pres. SDBA and pres., First Dakota Natl., Yankton. **WISCONSIN**—**Lana** and **Bryan Koontz**, exec. dir. WBA, Madison.



Written especially for
THE NORTHWESTERN BANKER
By **DR. DOUGLAS V. AUSTIN**
President and CEO
Douglas Austin &
Associates, Inc.
Toledo, Ohio

and
Professor
Department of Finance
College of Business Administration
The University of Toledo
Toledo, Ohio

Part II

G. The Best Solution -

Don't Get Under An Order in the First Place

YOUR best defense, as a member of the Board of Directors of your institution, is not to get under an Administrative Order in the first place. As noted earlier, these orders normally do not arise spontaneously, although they can, if the administrative agency finds a significant embezzlement or misappropriation of funds. However, assuming that your Administrative Order arises out of a slow, but continuous degeneration of the quality of your performance and condition, your function as a member of the Board of Directors is to stop the slide prior to the administrative agency's order against your institution.

Preventive Steps to Take

How can this be done? First and foremost, you must make sure your checks and balances are in line so that the internal accounting procedures and controls, internal audit, external audit, and state and/or federal regulatory examination compliances are such that your bank is not in a weakened financial condition. You can save a lot of grief if you make sure that every time you have a minor problem, you fix it before it becomes a major hole in your financial condition. This is the first line of defense, and the best.

How do you solve these problems early? The answer

Administrative Orders:

...how they happen and how you can get out from underneath them

Editor's Note: This highly important article was prepared by Dr. Austin as a chapter in a monograph on "How to Be a Bank Director," which has been funded under the auspices of the Herbert E. Prochnow Foundation, the Graduate School of Banking, The University of Wisconsin. Dr. Austin acknowledges gratefully the financial auspices of the Foundation in the preparation of the monograph, which may subsequently be published. Because of the critical importance of this subject matter for bank directors at this time, Dr. Austin has submitted this chapter on "Administrative Orders" for his regular monthly pages in the NORTHWESTERN BANKER. So that our thousands of bank director and bank management readers may have the advantage of the full text of this important chapter, it was decided to publish it in its entirety in three successive issues. Part I appeared in the August issue. The concluding Part III will be published in our October issue.

is simple: Whenever there is a question of inappropriate accounting in terms of accounting principles and procedures or internal/external audit questions, as to the quality of your financial condition, you should immediately remedy these situations. The audit committee of the Board, or the Board as a whole, should take immediate action to remedy this situation. You, as a member of the Board of Directors, are in charge of your organization, and you should ask for compliance immediately, if not sooner. You should not rely on management to solve the problem.

Get Involved

Involve yourselves in the situation and make sure that management reports to you on a regular basis and is accountable for all of the conditions being complied with immediately. Since it is obvious that most problems arise from the operations of the institution, which is managed and administered by your management, then there is a reluctance on behalf of the management to realize that there is a problem and admit same. Humans being humans, they will have a tendency to "gloss-over" the problems. You, as members of the Board of Directors and, thereby, representing the shareholders, should ignore this type of pressure. You should react adversely to the situation by forcing management to recognize weakened conditions and remedy the situation in order to protect yourselves and the shareholders against adverse financial conditions and possible failure.

Whenever there is an adverse written report concerning the financial condition and performance of the bank, regardless of what the cause is, the compliance should be swift, and the compliance should be in writing. By forwarding the report to either the internal/external auditor or the state/federal regulatory agency, there will be a record of your compliance. The Board of Directors should control this process, even if the management drafts the initial reply. It is the role of the audit committee of the Board of Directors and the Directors themselves, en masse, to make sure that the compliance has been accomplished and that the technical and/or substantive violations have been cured.

How can the Board of Directors insure that such compliance has taken place?

Know What the Problems Are

First, the Board of Directors must know exactly what the problems are. They can only know that by personally reading all of the internal/external audit reports, and the examination reports submitted to the Board by the state/federal regulatory agencies. It is not enough to listen to a recitation or read a summary of the violations. Each member of the Board of Directors should realize that he or she must know intimately all of the details of the problems facing the banking institution, and should be extremely familiar with all such problems, and know how to correct them.

This means that all such reports must be written before the Directors sign off on same, and the Board of Directors should establish a time table for correction of all technical and substantive violations as quickly as possible. The Board should also make sure that all such conditions have been remedied, in writing, and placed in the Board of Directors minutes. The Board of Directors should never sign off on any examination or audit reports without personally knowing what the problems are, and all Directors should sign off on the compliance reports so that he or she knows that such compliance has taken place.

You Must Read Exam Reports

Examination reports are not to be disclosed to the public, but should be intimately understood by the Board of Directors. The authors have noted that in a significant percentage of the cases, the Board of Directors did not even personally read the examination reports. This can be a fatal flaw which may result in actual liability to the Directors in the long run. Furthermore, when the Board of Directors sign off on the examination report, and return such signatures to the state/federal regulatory agencies, the Board of Directors are clearly indicating that they have actual notice of the problems involved.

If you haven't read the reports, then how can you know how severe the problems are? You would be surprised at the number of Directors who, in their depositions after the failure of the bank, have indicated that they did not have the slightest idea of how bad the bank's condition really was, and who, in all honesty, indicated that they had not read the internal auditor's reports, the external auditor's reports (if applicable), or the increasingly severe examination reports by the regulatory agencies.

In most cases, the Board of Directors were culpable in their failure to perform their duties of supervision and direction. In many cases, the Board of Directors

were responsible for the failure of the institution, or at least its severely degenerated condition, due to their failure to understand the true nature of the condition and problems of the institution.

Believe me, if you read a severe state/federal examination report and you do not attempt to correct the conditions immediately, you probably deserve all that happens to you. On the other hand, if you react positively, quickly, and in good faith, you may not only save the institution, but you may relieve yourself of strong, personal liability and, at the same time, save the shareholders' investments. You have a choice - and if you want to avoid the Administrative Orders, you had better react positively and quickly to remedy the situation promptly.

H. Panic!

IF YOU receive any form of Administrative Order, even the voluntary board resolution, then your best reaction is to panic. This doesn't mean run around like a chicken with your head cut off - it means react positively and quickly to solve the problem. Do not react adversely by calling the administrative agency names, assuming they are prejudiced against your Board of Directors and management, and attempt to stonewall the situation. As noted earlier, he who has the gold, rules. Remember, you don't have the gold - they do. In the banking industry, working with the regulatory agency and solving the problems is the only way to save the ship. If you want to go down with the ship, then fight the agencies the entire way.

"The regulatory agencies will look to you, as Directors, to solve the problems they have noted."

One other thing is extremely important - don't believe your management. You, as Directors, are in charge of the supervision and direction of the banking institution, and the regulatory agencies are going to look to you to solve the problems they have noted. Your management is probably what has caused the problems, regardless of what they say, and regardless of what you feel about them. Your management is in charge of the everyday operations of the institution, including the managerial aspects of running the staff. Also, they are responsible for the internal controls and procedures within the bank.

Your management serves at your pleasure, and you as Directors should quickly make sure that the management understands you want the problems remedied, and you really don't care what their opinions are. You desire to have the problem solved as quickly as possible and as fully as possible. If that means four management members have to go, staff has to be fired, or whatever else is appropriate, you should do it immediately.

A Serious Condition

What is meant by "panic" is for you to understand that you are involved in a serious condition and not attempt to "gloss over" the problem and assume that it will go away. It will not go away - it gets worse. If you really don't believe that, talk to any banking examiner who wanders through your institution over the next several months and they will tell you how they con-

"There are very seldom surprise Administrative Orders, because you have ample warning they are going to arrive."

stantly go into banking institutions which are on a downhill slide to failure. Those institutions which turn around their significant problems through hard work, capital infusion, managerial changes, or whatever else is appropriate, are the ones that the examiners give a great deal of credit too, and the ones they look to with pride.

The bank examiners are there to assist in the public safety of your institution and, believe me, there are no examiners who delight in closing commercial banks. In fact, the fewer number of problems they find in your institution, the better. When you turn a situation around so that the problems disappear and you operate more prudently and more profitably in the future, they can look to your situation as an example of how the bank examination function works within the banking industry. It does not hurt to have friends in the state and federal regulatory agencies, and by working with them and quickly solving the problems, you can make long-lasting friends.

If you stonewall the situation, react negatively to the criticisms noted, and even contemplate or commence legal action against the regulatory agencies, then in the long run they'll get you. They are there to protect the depositors and creditors of your institution, not the shareholders. They will do everything necessary to fulfill their obligations, even if they have to steam-roll over you in the process.

I. Financial Conditions Beyond Your Control

IN RECENT years, a new phenomenon in the commercial banking industry has arisen. Where the FDIC statistics from 1935 through 1975 indicated clearly that 7 out of every 10 commercial bank failures arose from embezzlement, fraud, self-dealing, and misappropriation of funds, the preponderance of bank failures today occur because of economic and financial conditions beyond the control of the banking institution. This is reflected in the fact that L. William Seidman, chairman of the FDIC, has indicated that the FDIC is currently only suing bank directors in 67% of all bank failures, not 100% as was the original case. Until recent years, the only three things in this world that were absolutely certain were death, taxes, and being sued by the FDIC in case the bank failed. Today, you have at least a 33% chance of not being sued, although you might not consider that much of a comfort.

What is happening is that because of economic and financial conditions within the marketplace in which your bank or bank holding company operates, there may be economic and financial forces which affect the safety and solvency of your bank. It is entirely possible that the condition occurred not from inappropriate lending but from the inability of your customers to repay their loans. This could have occurred because of significant agricultural price problems or energy considerations. This is especially true for those two fields (which are charitably called "oil patch" and "ag

patch" problems). Many of the commercial banks have failed, not because of illegal or inappropriate lending accommodations, but simply because the borrowers have been unable to repay on loans that were forecasted to be easily payable under previous economic and financial conditions.

If this is your situation, you are really no different than a bank or bank holding company that has gotten into an Administrative Order condition on its own without the declining economy around them. A capital forbearance program may assist you, and you may be able to raise debt capital because the basic condition of the bank is better than others under Administrative Orders. However, regardless of how the situation arises, the Administrative Order that you face is an Administrative Order and must be addressed as quickly as possible.

J. What You Should Do When You Receive an Administrative Order

ADMINISTRATIVE Orders may arrive in the mail, but they are very seldom going to arrive without some warning. Almost all bank examinations finish with an exit interview, and the senior examiner in charge of the examination will most often give you a clue that such an order will be coming. Furthermore, you may be invited in to talk to the regulatory agency - either at your state capitol or at some district office - as a body, and you will then learn about the Administrative Order. There are very seldom surprise Administrative Orders, because you have ample warning that they are going to arrive.

Assuming that you receive an Administrative Order, what should you do?

React As a Team

First of all, you must react as a team, utilizing all your resources, before you sign anything. It doesn't make any difference whether it is just a voluntary board resolution, which is a unilateral agreement signed by you, but does not have the signature of any regulatory agency involved, or whether it is an MOU, letter agreement, or a cease and desist order.

First of all, don't sign anything until you have had an opportunity to analyze the order carefully, negotiate the terms, and make sure that all of your Directors are in accordance with the terms of the order. There is no reason to sign the agreement without a review. In fact, the regulatory agencies have no legal right to force you to sign [it] until you feel you have investigated all legal remedies and conferred with counsel prior to signing. You should listen carefully to what the examiners and/or the regulatory supervisors tell you concerning the Administrative Order, but you should take the order back to your bank for a comprehensive review before negotiating to sign the agreement.

Enlist a Professional Team

Second, you should have a team of professionals to assist you in the evaluation of the Administrative Order. The type of professionals that you will utilize will depend upon the nature of the order. You should utilize your local bank counsel or specialized legal counsel to assist you in negotiating the terms of the agreement. You should also utilize your professional external auditors for any accounting related clauses,

and financial consultants if the Administrative Order covers areas of expertise that your financial consultants usually assist in.

You, as a Board of Directors, and senior management, should *never* attempt to negotiate the agreement yourself. The more you utilize your professional assistants to help you, the better will be the end result. Always keep in mind that your professional counselors have been involved in a large amount of Administrative Orders and negotiations, while in most cases you have expertise in only one case - your own. The banking supervisory agencies are placing scores of Administrative Orders and, in the case of federal supervisory authorities, hundreds of Administrative Orders on commercial banks and bank holding companies throughout the United States. They know how to write them, and they know how to negotiate them. If you would attempt to negotiate on your own behalf, without utilizing expert professional counselors, it would be like the amateurs going into battle with a group of professionals. If you use the analogy of having a high school football team trying to play the Super Bowl champions, you might have the type of analogy that tells you what your chances are.

Utilize the Professionals

Third, utilize your professional team to analyze the Administrative Order's provisions and to determine honestly which ones can be complied with and the timing for such compliance. If there are any provisions of the Administrative Order which are not factually accurate, they should be counteracted by factual information and legal argument to indicate to the administrative agency that they are incorrect. However, the Board of Directors and their counselors should be realistic as to the nature of the violations and/or conditions which must be remedied.

If the Board of Directors and management agrees that there is a problem, then it is up to the professional counselors to assist the management and the Board of Directors to determine what is necessary in order to comply with the Administrative Order and how much time is necessary to comply. In alternative language, don't fight the provision; work out a timing schedule and an action plan to solve the problem and rewrite the provision and negotiate same with the administrative agency in order to comply as quickly as possible and as fully as possible.

The purpose of utilizing your professional counselors is not to fight the administrative agency. The purpose is to utilize professional assistance who would be familiar with all types of Administrative Orders and know how they can be complied with and how much time it takes. Furthermore, if there are provisions that are not correct, they can be negotiated out of the agreement prior to signing. If the violations are substantive and you agree that they are, then the professional assistants can help you devise a plan for complying with the remedy to the problem and also to determine the timing necessary for such compliance.

You should always keep in mind that you have to comply, and if you set a deadline for compliance, you must meet that deadline. Therefore, if the administrative agency requests a loan review to be submitted within 30 days, and it is impossible to do so, you had better negotiate that out of the agreement prior to the signature, rather than later on. You cannot simply say

"Your professional counselors should assist you in negotiation with the administrative agency."

to the administrative agency that you are not going to comply because the loan review timing is too short; you *must* comply and, therefore, you must counter with a timing that you know you can meet. Once you have agreed to meet that timing, you must comply on schedule.

Negotiate with the Agency

After you have thoroughly reviewed the Administrative Order, whether it's a voluntary board resolution, MOU, or cease and desist order, your professional counselors should assist you in negotiation with the administrative agency. You should draw up clauses that you can comply with, and then these should be submitted to the administrative agency for their review. You may wish to meet with the administrative agency face to face to discuss any terminology and the timing of such provisions. Your professional counselors should accompany you in order to negotiate with the lawyers for the state and/or federal regulatory agency. After you have reached an agreement on the provisions of the administrative order, then, and only then, should you sign the order. If you do not agree as to the terms, keep in mind that the state and/or federal regulatory agency has the ability to change the Administrative Order from a voluntary board resolution or MOU into a cease and desist order in which your bargaining power will diminish significantly. You should bargain in good faith, but always keep in mind that you are not the one that holds the gold.

The experience of this corporation in assisting our clients over the past five years has indicated clearly to us that when we negotiate Administrative Orders with agencies, we seldom win on the types of terms and provisions that are in the agreement, but simply win on the timing necessary to comply with the various provisions. First of all, we find out in most cases, our clients agree that most of the provisions in the Administrative Order are factually correct and do not represent just technical violations, but significant violations of law and/or financial and managerial conditions which must be remedied. Therefore, it is very unusual for us to argue on behalf of our clients that the administrative agency is factually inaccurate and that their provisions are inappropriate.

However, it is common for the timing of the compliance to be far too short, according to the clients. Administrative agencies do not know how long it takes to accomplish a loan review within the commercial bank, or how long it takes to comply to a lot of the operational provisions. It is up to you to determine exactly how long it takes, and after such determination is reached [agreed to], compliance of the Administrative Order within that time is expected. The most latitude in negotiating Administrative Orders is in this area, and you must show good faith. Once the Administrative Order has been signed, you must work diligently in order to meet its timing. □

Part III of Dr. Austin's article on Administrative Orders will appear in the October issue.

Understanding the interest rate cycle



Written especially for
the NORTHWESTERN BANKER
By RONALD L. GEORGE
President, Midwest
Management Consultants
Omaha, Nebr.

THE AUTHOR has 34 years of banking experience, divided between a career with the Comptroller of the Currency and the private sector. He was regional director of special surveillance in the OCC Kansas City office. He has worked in bank consulting the past four years. His firm of three professional specialists works with banks in all areas of planning, loan administration, operations/performance review, software products, and regulatory compliance.

What is Rate Sensitivity?

The lack of consensus today on what is required in prudent asset and liability management practices leaves us all asking what is rate sensitivity? Is a twenty-year term fixed rate loan at 15 percent really a fixed rate when current rates are 10 percent? Is a three-year certificate of deposit fixed at six percent if current rates move to nine percent? How much of "Now" or "Hi-Fi" or "Whatever the Name" accounts will roll into instruments which move up with the market? In a high rate cycle are they fixed or immediately rate sensitive? What happens to CMO's or other real estate pools at the bottom of interest rate cycles and what is their true maturity?

A Short History of ALM

A short history of the development of asset and liability management will help us understand what is happening now. We started in the mid-to-late 1970s with an attempt to analyze why interest margins moved up or down. Interest Rate Margin Analysis was a popular term and looked at volume, rate, and mix changes to determine the primary reasons for changes. Gap analysis was discovered by the industry and regulators reacted to the S&L syndrome. So-called asset and liability management experts more recently started to talk about the absolute need to arbitrage and guess on interest rate movements. Some have tried to find good reasons to make fixed rate loans. Others have even talked about using futures markets to hedge, but have not come up with the exact vehicles to accomplish a good hedge on gaps composed of different instruments. On the other side, variable rates have been implemented by most financial institutions. Duration factors have become more important to city banks and more confusing to us all.

The Expert Opinion

Once again, the experts have done a one hundred eighty degree turn and are saying that "Gap" is not nearly as important a factor as originally thought. Yet,

their own programs start with rate sensitivity analysis and the creation of Gap buckets.

It has become very obvious that no one has a magic formula to completely guard against risks in rate movements or to take advantage of those same movements. A banker recently related to me about a national asset and liability management seminar where the instructor went through a lengthy discussion on the importance of matching maturities. In the ensuing discussion of a case study the banker suggested selling long term bonds to correct a liability sensitive problem and was promptly told his suggestion was crazy. The instructor gave no explanation but had a gut feeling that was not a good strategy.

ALM Software

Because of all these factors, a number of very complex and expensive computer programs have been written. And, while some have several operating levels, most are written for the large institutions which are most affected by money market activity.

In order to reduce costs, time, and effort in ALM software, our consulting firm offers easy-to-use PC programs - The Gap Manager and Controller - to put data in order and do "what-if" scenarios.

Conclusions

In order to perform adequate asset and liability management we are called upon to accumulate all data into a meaningful order and construct pro-forma financial statements based on our best estimates of what the markets will do. And, while it is true that we must avoid high risks from serious mismatches involving the investment of short term funds in long term assets or vice versa, we must also resist the suggestion that our balance sheets be matched one-to-one based on theories of rate sensitivity that were never actually valid.

We now know that most balance sheet accounts with an interest rate factor have some level of sensitivity. It is still basically true in community banks that the market has more influence on liabilities than on loans.

What seems to be required to accomplish maintenance of, or improvement in, interest margins is to build knowledge of what happens at each point in the interest cycle and to take advantage of movements with an estimate, based on our best analysis of all factors. Hopefully, we will all get better at projection and eventually want to build on our level of sophistication. □

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Minnesota

James R. Jorstad, pres., Hayfield
T.L. Jeffers, exec. v.p., Minneapolis



Norwest Plans to Consolidate Its Banks in Minnesota and North Dakota

NORWEST Corporation filed applications last month with the Office of the Comptroller of the Currency to consolidate 39 of its Minnesota banks into nine new banks. The consolidations will include creation of one Norwest bank for the seven-county Twin Cities metropolitan area, combining 17 metro banks into a single national bank to be called Norwest Bank Minnesota, N.A.

Norwest also is applying to consolidate all nine Norwest banks in North Dakota into one statewide bank called Norwest Bank North Dakota, N.A.

In Minnesota, outside the Twin Cities, 22 Norwest banks will be consolidated into eight new banks. Each of these banks will be named "Norwest Bank Minnesota," followed by a modifier indicating a geographical area.

There will be 42 offices of the consolidated metro area bank and 42 Norwest offices outside of the metro area. Norwest Bank Northfield will not be part of the consolidations. It will continue to be a Minnesota state-chartered bank.

Richard M. Kovacevich, Norwest vice chairman and head of its Banking Group, said Northfield is not included in the consolidations because holding a state charter could have strategic advantages in the future.

Mr. Kovacevich said the consolidations will bring greater convenience to customers. He emphasized that the banks would "continue to identify closely with their own communities and neighborhoods."

Plans for the consolidations are the result of new state laws.

In Minnesota, a 1987 law permits banks in the seven-county Twin Cities metro area to consolidate and

retain existing offices. In other parts of the state, the law increases from two to five the number of detached facilities permitted per bank. The law became effective August 1, and the consolidations will be completed as soon as possible after regulatory approval is obtained.

According to Mr. Kovacevich, the consolidations will allow customers of Norwest banks to make deposits and conduct other transactions at more locations. Norwest customers in the seven-county metro area particularly will benefit from this capacity, he said, because they will be able to conduct banking transactions at all Norwest locations in the Twin Cities.

In the Twin Cities, the consolidated bank will be *Norwest Bank Minnesota, N.A.* Offices will be Arden Hills, Bloomington, Brooklyn Park, Burnsville, Calhoun-Isles, Camden, Central, Douglas Drive (Golden Valley), Downtown Stillwater, Eagan, East Bloomington, East St. Paul, Eden Prairie, 8th Street & Portland Avenue, 48th Street & Chicago Avenue, Government Center, Hastings, Jordan, Maple Grove, Maplewood, Metro-South, MetroWest, Midland, Northtown (Coon Rapids), Norwest Center (downtown Minneapolis), Old St. Anthony, Osseo, Plymouth, Ridgedale, St. Louis Park, St. Paul, 7th & Olson Highway, South St. Paul, Stillwater, Sycamore Lane (Maple Grove), 3030 Nicollet Avenue South, 1221 Nicollet Avenue, University-Midway, Valley View, West Hastings, West St. Paul, Woodbury.

Outside the Twin Cities, the new banks and their offices will be (for regulatory purposes, the charters

will be located at the cities shown in italics):

Norwest Bank Minnesota Mesabi, N.A., *Virginia, Ely, Eveleth, Hoyt Lakes;*

Norwest Bank Minnesota North, N.A., *Duluth, Denfeld (Duluth), Miller Hill (Duluth) Grand Rapids, Silver Bay, Two Harbors;*

Norwest Bank Minnesota Central, N.A., *St. Cloud, Litchfield, Sartell, Sauk Rapids, Westwood (St. Cloud);*

Norwest Bank Minnesota West, N.A., *Moorhead, Fergus Falls, South Moorhead, South Thief River Falls, Thief River Falls, Westridge Mall (Fergus Falls);*

Norwest Bank Minnesota Southwest, N.A., *Marshall, Eastside (Marshall), Northland Mall (Worthington), Worthington;*

Norwest Bank Minnesota South Central, N.A., *Mankato, Albert Lea, Austin, Mankato East;*

Norwest Bank Minnesota South, N.A., *Faribault, Burnside (Red Wing), Medford (Owatonna), Owatonna, Red Wing, South Oak (Owatonna);*

Norwest Bank Minnesota Southeast, N.A., *Rochester, Dodge Center, Goodview (Winona), Green Meadows (Rochester), Northside (Rochester), Winona;*

Norwest Bank Northfield (existing state bank, not part of consolidation). □

1988 MBA Officer Nominees Named

The Minnesota Bankers Association Nominating Committee met on Aug. 6 to decide recommended officers for the Association for 1988-89. The recommendations will be acted upon at each of the nine MBA District Meetings in September.

Proposed candidates are:

President—A. William Sands, chairman, Western Bank, St. Paul, and current first vice president of the Association.

First Vice President—James H. Hearon, III, chairman, National City Bank, Minneapolis, and current second vice president for the MBA.

Second Vice President—Micheal L. Lillehaugen, president, Community State Bank, Alexandria.

Treasurer—Martin V. Chorzempa, president, Richfield Bank & Trust Company.

Elections will take place at the June 1988 MBA Annual Convention, to be held in Duluth.

When you've put on
the mileage,
you've got
the experience.



And Marquette has the experience that counts!

Experienced bankers and investment specialists. That's who will be working for you at Marquette... Whether it's a complex bond swap, a needed correspondent service, or just a routine transaction. Career bankers working as a team to see that all your correspondent needs are met.

Chances are you've already seen these

folks in your bank. They have the mileage to prove it. And they have the experience that comes from over 200 combined years in the banking business. (That's 73,109 days!)

You've made a career of banking. Doesn't it make good sense to do your correspondent banking and investment activity with career specialists?

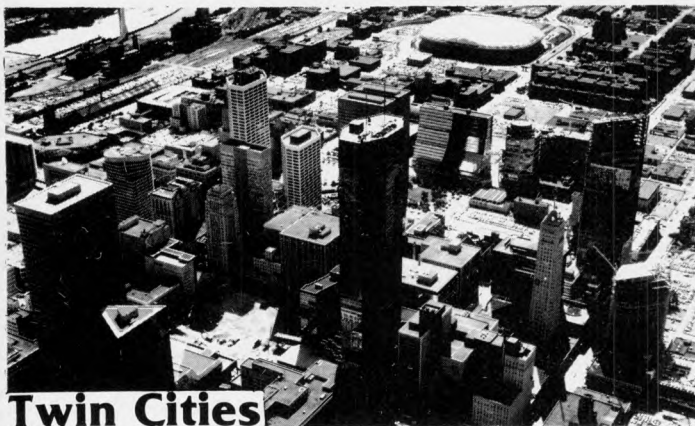
Correspondent Services Division/Investment Department

Correspondent Services 341-6561
MN Wats 800-862-1452
National Wats 800-328-8155



Marquette Bank
Minneapolis Member FDIC

Investment Department 341-6558
MN Wats 800-642-7582
National Wats 800-328-8013



Twin Cities

Norwest Corporation has announced that **Leslie S. Biller**, San Francisco, executive vice president and head of consumer markets at Bank of America, has been named to the new position of corporate executive vice president and head of strategic planning and acquisitions for the Norwest Banking Group. Mr. Biller will be primarily responsible for coordinating interstate banking strategy.

Mr. Biller has been with Bank of America since 1985. He previously was senior vice president of international consumer markets. Prior to joining Bank of America, he was with Citicorp for 12 years.

Norwest has named **Daniel A. Saklad**, previously of Citicorp, as Minnesota-Wisconsin regional president for retail and business banking and executive vice president of Norwest Bank Minneapolis. He joined Citicorp, in St. Louis, in 1974, and since 1985 was president of Citicorp Person-to-Person, Inc., a mortgage and insurance subsidiary.



D.A. SAKLAD

Gerald M. Kanne, current regional president for retail and business banking in the two states, has been named to the new position of chief administrative officer for the retail and business banking group. He will also continue to head Norwest's Minnesota merger task force. Mr. Kanne joined Norwest in 1957 at Norwest Bank Rochester. He served also at Norwest Bank St. Paul and Norwest Bank Minneapolis before being named regional president in 1982.

First Bank System, Inc., has announced the following promotions:

Anna Bagdasarian to vice president, entertainment division, special industries group. She joined the Los Angeles loan production office of First Bank Minneapolis in 1985, and has most recently served as assistant vice president, entertainment.

Susan Lackey Drake to vice president, private capital. She has been with FBS since 1981, when she joined the executive banking division at First Bank Minneapolis. She has most recently served as assistant vice president, private capital.

Bernard J. Weiss to vice president, new ventures/products. He most recently served as assistant vice president of that department.

Dennis Dills has been hired as head of FBS's trust operations. He has joined First Trust Company as senior vice president and head of the Trust Operations Group. He previously was employed by First Wachovia, where he managed trust operations since 1980.

* * *

Norwest Technical Services, Inc., a subsidiary of Norwest Corporation, has announced it has consolidated three of its technology units into a new sales, marketing and delivery organization called Norwest Technical Services Sales Marketing. The three business units transferred into the new division are Norwest Electronic Delivery Services (NEDS),



J.A. SIKKINK

Correspondent Data Processing and Cash Letter Sales.

John A. Sikkink, senior vice president and a 25-year Norwest veteran, has been named manager of the new division. He has been head of NEDS since 1984. Prior to that he served at Norwest Bank Des Moines where he eventually became executive vice president of operations and administration.

David Gibb, Dallas, will join Norwest as vice president and director of technology sales for the new division. He was director of a nationwide electronic business unit of MoneyMaker EFT Services.

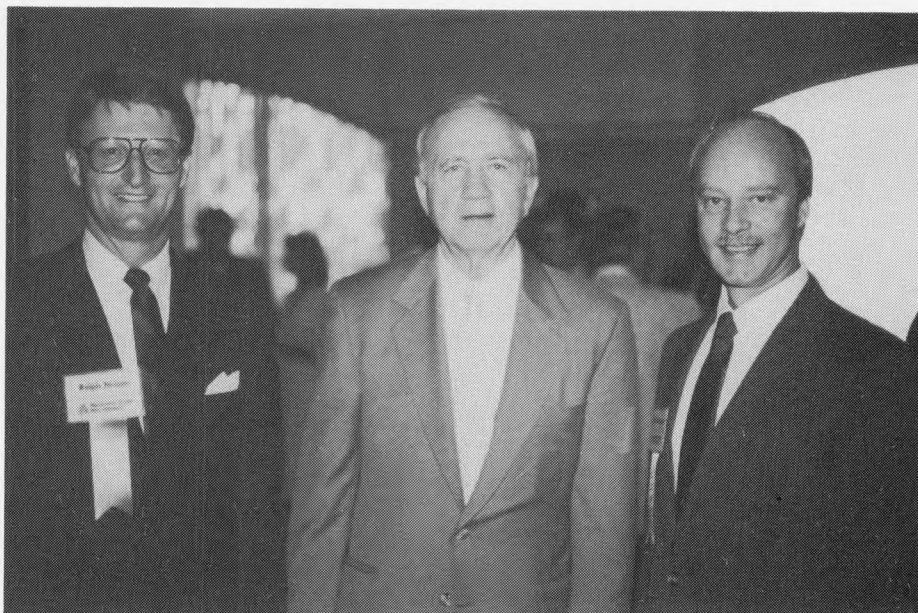
Other new vice presidents named directors of the new company are currently in the Norwest technology group. They are **Phillip J. Benson**, director of marketing; **Albert Lewison**, director of off-premise banking products, and **Susan Schoeneberger**, director of NEDS operations, customer service and systems staff.

Also joining Norwest is **Kathryn Reimann**, marketing representative. She was network marketing coordinator for the Cash Station Network of the First National Bank of Chicago.

* * *

Norwest Corporation announced on July 29 that it will purchase from time to time up to 900,000 shares of its common stock. The acquired shares will be used to meet periodic stock insurance requirements under the company's employee savings and investment plan, employee stock options, shareholder dividend reinvestment plan, conversions of convertible debentures and for other corporate purposes.

● Marquette Bank Hosts Seminar



closed, and the agreement is pending regulatory approval. No staff changes are anticipated.

* * *

At American National Bank, **John P. Seidel** has been promoted to assistant vice president—correspondent banking. He joined the bank as a credit analyst in 1983, and was promoted to correspondent banking officer in 1985. Prior to joining American, Mr. Seidel was a branch representative and loan officer at Household Finance Company.

Dean A. Junkans has joined the bank as a trust investment officer. He was previously employed at Farm Credit Services in a variety of positions, most recently as a funds management officer.

* * *

Marquette Bank Minneapolis held its Correspondent/Investment Conference this past month at the Minneapolis Athletic Club. Taking part in the one day meeting were, from left: **Ralph Nelson**, v.p., inv. serv.; **Carl Pohlad**, pres. and **Mark Schabert**, v.p. & div. head, corr. bkg. The conference included presentations on tax reform, director liability, bank regulations and a look at the securities industry.

Mr. Pohlad welcomed bankers from around the area. He told them, "Times have changed in correspondent banking and the environment is very competitive, however, Marquette Bank will continue to make an effort in correspondent banking."

In addition to the morning sessions, breakout sessions were available later in the day and included a look at mutual funds and the Marquette Fee Sharing Program, financial insurance and consulting services and the Master Retirement Program. An economic outlook concluded the business portion of the conference.

Entertainment during the seminar included a luncheon talk by Harmon Killebrew, member, Baseball Hall of Fame, a "pre-game" party featuring dixieland band music and an evening at the Twins' baseball game.

At Norwest Business Credit, Inc., Edina, **John L. Matyi** has been appointed senior vice president of the loan administration department. He replaces **Lee Mork** who recently retired after 13 years with the company.

Mr. Matyi has been employed by Norwest Bank Minneapolis for eight years, beginning in commercial lending and working in the capital lending group since 1984.

* * *

Norwest Corp. has announced it has transferred its automobile dealer financing operations into retail and business banking, from corporate banking, and named **John G. Stumpf** senior vice president. **Donald L. Swanson**, manager of dealer financing at Norwest Bank Minneapolis, will continue to manage dealer finance as part of the new retail and business banking unit.

Mr. Stumpf currently is vice president and manager of Norwest's capital lending group. He joined Norwest in 1982 as chief credit officer at Norwest Bank East St. Paul.

* * *

First Bank System will offer a new investment banking service through its FBS Merchant Banking Group that capitalizes on the company's experience with the bank divestiture program it began in

1985. The new function is called Banking Financial Services and will offer expertise in the areas of capital generation, debt and equity placements, mergers and acquisitions, consolidations, divestitures, and structuring for financial institutions.

Robert J. Anderson, FBS executive vice president who was head of special bank projects and implemented the divestiture program, will serve as senior managing director of Banking Financial Services.

* * *

First Bank System announced recently that it has signed a purchase agreement to sell First Trust Company of Florida, N.A., a First Bank System subsidiary, to Bank of Boston—Florida, N.A. The subsidiary maintains one office in Sarasota, Fla. Terms of the sale were not dis-

The Marquette-Holm Insurance Agencies have developed a new program called the "Financial Insurance and Consulting Services" (FICS) program. Through FICS, Marquette-Holm provides financial institutions with insurance and liability coverages for their customers and insurance management for themselves, as well as opportunities for the institutions to generate significant fee income by way of credit-related and investment-oriented insurance services. According to **Wayne Boysen**, chairman and CEO, FICS is "the first of its kind."

* * *

American National Bank of St. Paul will host a two day seminar, "Financing and Managing Independent Business: Practical Tools for Advisory Banking" in St. Paul on Sept. 21 and 22. The seminar is designed for commercial bank officers.

Steven C. LeFever, president of Business Resource Services of Seattle, Wash., will be presenter. Registration cost is \$295, which includes text, materials and lunches. For more information, contact **Pat Jansen** at the bank at 5th and Minnesota Streets, St. Paul, MN 55101, or call 612-298-6212.

* * *

First Bank System is offering a lower rate installment loan for Minneapolis-St. Paul area residents who suffered damage to their property from the recent record-setting rainfall. Flood damage resulted from up to ten inches of rain which fell in the area on July 24. The new loan offers an annual percentage rate one and a half percentage points lower than the normal First Bank rate.

Advanced in Winona

Three employees of Merchants National Bank in Winona have been promoted to assistant cashiers.

Michael Speltz joined the bank in 1980 as an auditing assistant, and in 1982 was advanced to operations officer.

Suan Hovell was hired by Merchants in 1984 as an installment loan officer trainee. She was promoted to administrative assistant of the real estate loan department in 1985 and later that year advanced to mortgage loan officer. She has been the compliance officer for the bank since 1985.

Scott Strebe joined the bank in 1986 as a commercial loan officer. Before coming to Winona, he was employed by Marine National Bank of Neenah, Wis. as a commercial banking officer.

Dennis Herricks and Thomas Czaplewski have been promoted from administrative assistants to installment loan officers at the bank. Mr. Herricks joined Merchants in 1986 from ITT Financial Services, LaCrosse, Wis. Mr. Czaplewski previously served at Heights Finance Corp. in Burlington, Ia., and also joined the bank last year.

VP Named in Bloomington

Joseph M. Welle has been named vice president of MetroBank Bloomington.

MBA District Meetings Offered

THE MINNESOTA Bankers Association will hold its 1987 Senior Officer Workshops and District Meetings throughout September. Districts 3, 4 and 5 will meet jointly on Sept. 14 at the Sheraton Inn Northwest in Brooklyn Park, and their meeting will conclude with a reception. All the other districts will feature dinners with a special speaker: at Districts 1, 2 and 7, David Landsverk, Wayzata Superintendent of Schools, will present "It's Up to You," and at District 8, 9 and 10, Joe Griffith of Dallas, Tex. will address the topic "Success is Attitude." Dates and locations for these meetings are: District 1—Sept. 8, Kahler Hotel, Rochester; District 2—Sept. 9, Orchid Inn, Sleepy Eye; District 7—Sept. 10, Kandi Entertainment Center, Willmar; District 8—Sept. 22, Regency Inn and Conference Center, Hibbing; District 9—Sept. 23, Best Western, Thief River Falls; District 6—Sept. 24, Holiday Inn, Brainerd.

Complete fee for the meeting is

\$28. You may register through the MBA office. The advance program is as follows:

P.M.

- 1:00 Registration.
- 2:00 Call to Order—District President.
State and Federal Legislation, John S. Jackson, MBA gen. counsel.
Strategic Planning—Peter Brown, Peter Brown Associates, St. Paul.
District business meeting and election of officers.
MBA Services Update—Truman Jeffers, MBA exec. v.p.
Economic Development and the MBA's Minnesota Bankers Enterprise Network—William Sands, MBA 1st v.p.
- 5:30 Reception.
- 6:30 Dinner and speaker, James R. Jorstad, MBA pres., presiding.
- 8:30 Adjourn.

□

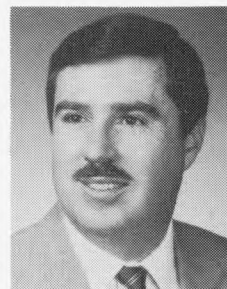
Before joining MetroBank, Mr. Welle held several positions with the First Banks, most recently as a commercial loan officer at First Bank Security. He also served in that capacity with First Bank Edina. Mr. Welle began his career with the First Banks in 1977 as a bank examiner.

Mr. Hanson was graduated from Luther College in Decorah, Ia., in 1971.

Hoover Joins MBA Staff

Philip A. Hoover has joined the Minnesota Bankers Association. He serves as an agent for the MBA Insurance Agency, Inc., a wholly-owned subsidiary of the MBA.

Prior to joining the Association, Mr. Hoover spent ten years with St. Paul Fire and Marine Insurance Company as an underwriter and field supervisor specializing in the blanket bond and directors' and officers liability areas. He was a former branch

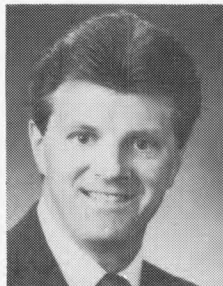


P.A. HOOVER

Pres. Named in Prior Lake

Directors of First National Bank of Prior Lake recently named Dennis H. Hanson as president.

Before joining First National Bank, Mr. Hanson was executive vice president of First National Bank and Trust Company of Baraboo, Wis., and prior



D. HANSON

to that he was vice president of Brenton National Bank in Grinnell, Ia.

MINNESOTA NEWS. . .
(Turn to page 53, please)

Illinois

Jack Emmons, pres., Mt. Carmel
W.J. Hocter, exec. v.p., Chicago



P.M.

- 1:30 Exhibits
- 2:30 Education Sessions
- 4:00 Exhibits
- 5:30 Optional bus trip to Chicago for dinner and theater

Sunday, Sept. 27

A.M.

- 10:30 Exhibits

P.M.

- 1:00 Educational Sessions
- 5:00 Exhibits
- 7:00 Chicago Speakeasy Party

Monday, Sept. 28

A.M.

- 9:00 Drivers Breakfast and Recognition Program
- 11:00 Adjourn

Illinois Independent Bankers to Meet

THE INDEPENDENT Community Banks in Illinois 13th Annual Convention and Exposition will be held Sept. 25-28 at the Hamilton Hotel in Itasca. "Projections and Reflections" is the convention theme.

Keynote speaker is Senator Alan J. Dixon, and James Hagerbaumer, president of Hagerbaumer Economics, Waukegan, will be featured as well. A broad variety of topics will be addressed during concurrent educational sessions, from responsibilities of bank directors to legislative updates.

Among other activities at the convention will be dinner and theater in Chicago, a "Speakeasy Party," exhibits and spouse tours.

For more information on the con-

vention, contact Barbara Blough at the ICBI office, 300 West Edwards Street, Springfield, IL 62704, (217) 753-4331.

The preliminary schedule is as follows:

Friday, Sept. 25

A.M.

- 9:00 Golf Tournament

P.M.

- 12:00 Tour of Long Grove Village
- 7:00 Evening Social Function

Saturday, Sept. 26

A.M.

- 9:00 Opening Breakfast, Sen. Alan Dixon
- 10:30 Shopping at Woodfield Mall and Waccamaw Pottery
- 10:30 Education Sessions
- 11:45 Annual Business Meeting and Luncheon



Chicago

Northwest Natl. to Open Elk Grove Office



READY to break ground for the new Elk Grove unit of Northwest National Bank of Chicago, a member of the Lane Bank Group, are these officers: Elk Grove Village President **Charles J. Zettek**, Village Manager **Charles A. Willis**, Lane Bank President **Scott K. Heitmann** and Chairman **William N. Lane III**, Northwest National Bank of Chicago President **James W. Aldrich**, and new suburban facility Manager **Allison Stevens**. The ceremony was held July 29. The new facility is located at 70 Blesterfield Road, and will include four drive-through lanes, an ATM and six lobby teller windows. Retail, commercial and trust departments will also be located at the facility, which is scheduled for completion in November, 1987.

Kevin W. Davis has joined Financial Shares Corporation as executive vice president and manager of the training and development services division. His previous position was as vice president and director of marketing, training and sales at the Mid-State Bank, Altoona, Pa. He also served as a coordinator of sales, service and interbank advertising for Keystone Financial, Inc., Harrisburg, Pa.



K.W. DAVIS

* * *

Cole Taylor Financial Group, Inc. has formally announced a new

CHICAGO NEWS...

(Turn to page 62, please)

Wisconsin

Richard P. Klug, pres.,
Menomonee Falls
B.K. Koontz, exec. dir., Madison



M&I Reaffirms Offer to Marine

On July 30, Marshall & Ilsley Corporation announced it has reaffirmed its offer to The Marine Corporation to merge with the Marine and will file an application with the Federal Reserve Board.

Marine recently rejected the offer in favor of a lower one from Banc One of Ohio.

J.A. Puelicher, chairman and chief executive officer of M&I, stated, "We believe our offer to exchange 2.235 shares of Marshall & Ilsley stock for each share of Marine's, together with a form of price protection at \$66.50, represents the most attractive proposal for our respective shareholders, and the State of Wisconsin.

"Our financial advisor, Saloman Bros., agrees that M&I's offer affords Marine shareholders a potential difference in value from the Banc One offer. We believe the Marine shareholders should have the right to choose between our offer and Banc One's. The filing of an application with the Federal Reserve Board will preserve Marine shareholder's option to consider our offer on an equal basis with that proposed by Banc One. Nevertheless, we do not intend to increase our offer or engage in a bidding contest that would harm the interests of our shareholders."

Meanwhile, M&I announced that an agreement has been executed to purchase Software Development Corporation of Fort Lauderdale, a privately-held software company, subject to regulatory approvals.

Community, Valley Banks to Merge

It was announced on July 20 that approval has been received from the Federal Reserve Board for the affiliation of Community Banks, Inc. (Middleton) with Valley Bancorpora-

tion, Appleton. The merger was expected to close on Aug. 28. Community Banks owns six banks and has 85% of its assets in banks in the greater Madison area.

Valley would issue about two million shares of its common stock and pay about \$600,000 in cash in the transaction. Valley currently has about 7,900,000 common shares outstanding.

The corporation has also promoted Laurel A. Marquardt to audit supervisor. She has been with the organization for three years, most recently as a senior auditor.

At Valley Trust Company, Appleton, Sue Bernarde, Michael A. McMillan and Carol Irving have joined the staff.

Ms. Bernarde has been named operations officer/security processing manager. Prior to joining Valley, she was affiliated with Associated Kellogg Bank, Green Bay for 11 years, most recently as accounting section manager.

Mr. McMillan will serve as data processing manager. Prior to joining Valley, he was a computer operations manager at Speed Queen.

Ms. Irving has been named training coordinator. She previously served as trust officer at Brenton National Bank in Des Moines, Ia.

University National Elects President, Director

Two months after beginning work as executive vice president at University National Bank, Milwaukee, Mark Zalewski has been promoted to president. He succeeds Phillip Hudson, who has retired. Mr. Zalewski has been active in banking administration for nearly 15 years and has served as president of two banks in Madison.

Meanwhile, J.J. Holz has been elected to the bank's board of directors. He is owner and CEO of Holz Chevrolet in Hales Corners, and also serves as chairman for State Bank

Hales Corners and for State Financial Services Corporation, a bank holding company.

Promoted in Ellsworth

Four individuals were promoted to officer status recently at Pierce County Bank & Trust Company, Ellsworth.

Evelyn A. Cannon is assistant cashier and manager of the East Ellsworth Branch. She joined the bank in 1967.



E. CANNON



E. JENNINGS



L. DONNELLY



C. CARDELL

Elfrieda L. Jennings was promoted from assistant auditor to auditor. She joined the bank in 1966.

Lori K. Donnelly was promoted to installment loan officer. She has been with the bank since 1977, most recently as a personal banker.

Corinne M. Cardell, a member of the bank staff since 1980, was promoted to customer service officer.

WBA Supports Northwestern Wis.

As part of Gov. Tommy Thompson's Northwestern Wisconsin Week, the Wisconsin Bankers Association Executive Council held its Aug. 14 meeting in Superior.

The 13 member council normally meets in Madison but wanted to support the state's effort to recognize the Superior area. Among other activities, bankers have testified at hearings of the Senate Committee

WISCONSIN NEWS...
(Turn to page 62, please)

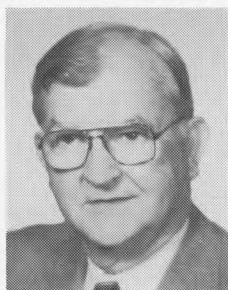
South Dakota

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



Norwest Announces Promotions

Norwest Corporation has announced that Truman D. Phelan, senior vice president for business banking at Norwest Bank South Dakota—Sioux Falls, has been promoted to senior credit administrator for Norwest's South Dakota region, effective



T.D. PHELAN

Sept. 1. He succeeds Vance O. Williams, who recently was named president of Norwest's Montana region.

Mr. Phelan has been with the Sioux Falls bank since joining Norwest in 1966. He was appointed commercial loan officer in 1970, named vice president and head of

business banking and commercial lending in 1984 and promoted to senior vice president last year. He worked with Dun & Bradstreet in Nebraska and South Dakota from 1952 until 1966, and was manager of its South Dakota operations when he joined Norwest.

Meanwhile, Norwest Bank South Dakota has promoted Dale Hellevang, Jim Mattern and Gary Schweitzer to assistant vice presidents in human resources and Charlotte Bartels to regional human resources officer.

Mr. Hellevang joined Norwest in 1980 in Madison. In 1981 he was named a human resources representative in Sioux Falls and in 1983 was promoted to district human resources officer.

Mr. Mattern joined Norwest in Owatonna in 1981. In 1984 he transferred to Duluth, and in 1985 was named district human resources officer for the Black Hills and North

Central Districts of Norwest Bank South Dakota, Rapid City.

Mr. Schweitzer joined Norwest Audit Services in 1977 and in 1981 transferred to Norwest in Rapid City. In 1984 he was named assistant vice president, district operations. He succeeds Mr. Mattern.

Ms. Bartels joined Norwest Audit in 1974 as secretary and administrative assistant. In 1984 she transferred to Norwest Bank South Dakota as a regional human resources administrator.

Dacotah Declares Stock Dividend

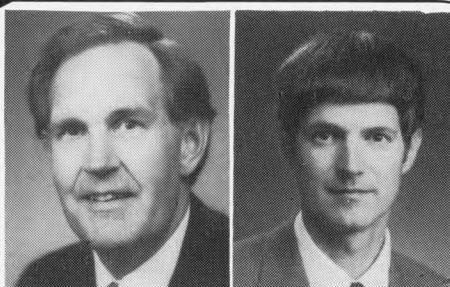
Rodney Fouberg, chairman, announced recently that the board of directors of Dacotah Bank Holding Co., Aberdeen, has declared a 3% stock dividend in lieu of its semi-annual cash dividend. It will be paid on Sept. 15 to shareholders of record on Sept. 1.

Bank Chartered in Viborg

The South Dakota Division of Banking and Finance has issued a certificate of authority to operate a state chartered bank to Farmers State Bank of Viborg, as well as a certificate of authority for the bank to operate a branch in Irene.

North Dakota

John W. Pierson, pres., Bismarck
Harry J. Argue, exec. dir., Bismarck



Advanced in Fargo

At Norwest Bank Fargo, Harlee Olafson has been promoted to vice president/business banking at its main office in Fargo. He previously served as assistant vice president. Mr. Olafson joined Norwest in 1979 at Valley City, and transferred to the Fargo bank in 1984.

Named in Valley City

Cheryl Klinger has been named

assistant cashier and auditor at First National Bank of Valley City. She joined the bank in 1981 as installment loan secretary. In 1985, she was named operations assistant.

NDBA Appoints Woods Southeast Group Rep

At its meeting last month, the North Dakota Bankers Association Executive Council appointed Jerry

Woods to fill an unexpired term representing the Southeast Group until June, 1989. Mr. Woods is regional president, First Bank System, Fargo.

Promoted in Minot

Gloria Hultberg has been promoted to vice president/financial services group manager at First Bank Minot. She joined the bank in 1966. Mrs. Hultberg had held many positions, including personal banker, branch manager and assistant head of retail banking. Her most recent position was as assistant vice president and manager of retail banking.



G. HULTBERG

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Financial Co

- Complete general ledger accounting
- Provides budget comparisons for reporting
- Allows for asset/liability management

Teller Management System

- Provides customer information access to tellers without expensive “on-line” teller equipment
- Allows stops and holds
- Improves customer service
- Increases productivity

Proof of Deposit System

- Attaches to variety of high speed reader/sorters
- Includes statistical and management reporting
- Supports float assessment by end-point
- Full cash letter reporting capabilities
- Offers high-speed manual entry

Loan Accounting System

- Supports commercial, mortgage and installment lending
- Allows for variable rate based on prime or index rates
- Loan modeling capabilities allow platform selling
- Ability to process participation loans
- Provides for insurance cross selling
- Provides full reporting capabilities
- Provides Portfolio Gap Analysis

Safe Deposit Management System

- Complete billing, reporting and inventory control
- Query interface allows unlimited reporting capabilities
- Supports up to ten container sizes

Customer Information System

- Provides EFT Interface
- Contains all customer information
- All ESI products interact
- Provides snapshot summary
- Includes consumer and
- Easy to use with comm

A Message From ESI's President:



EVERGREEN SYSTEMS, INC.
1065 N. 115th ST. • SUITE 210 • OMAHA, NE 68154 • (402) 493-7773

Dear Financial Institution Executive:

Evergreen Systems, Inc. was founded with you in mind! We have developed a complete in-house information management system for your banking and institution. The staff of ESI has more than 100 years of financial institution data processing experience dealing with all sizes of financial institutions. It is from this wealth of experience on which our system is founded. ESI has been formed with one singular objective...to provide our customers with **software excellence...** which in turn, will yield to you **"SOLUTIONS for PROFIT and GROWTH"!!!** We are dedicated to this objective.

The ESI system is specifically designed to operate on the IBM System/36 family of business computers. The System/36 family consists of three different systems. There is a "desk-top" model to fit the needs of the smallest of institutions, a medium sized system and a larger system, all of which support multi-branch and multi-institution file structures. Since the ESI software operates on all three systems, your software investment with ESI is protected through upward mobility...to insure **"SOLUTIONS for PROFIT and GROWTH"**. As a member of IBM's Marketing Assistance Program, we are able to provide a cost-efficient, "turn-key" solution for your data processing needs.

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Sincerely,

Ralph G. Noren
President

SOLUTIONS FOR PROFIT and GROWTH



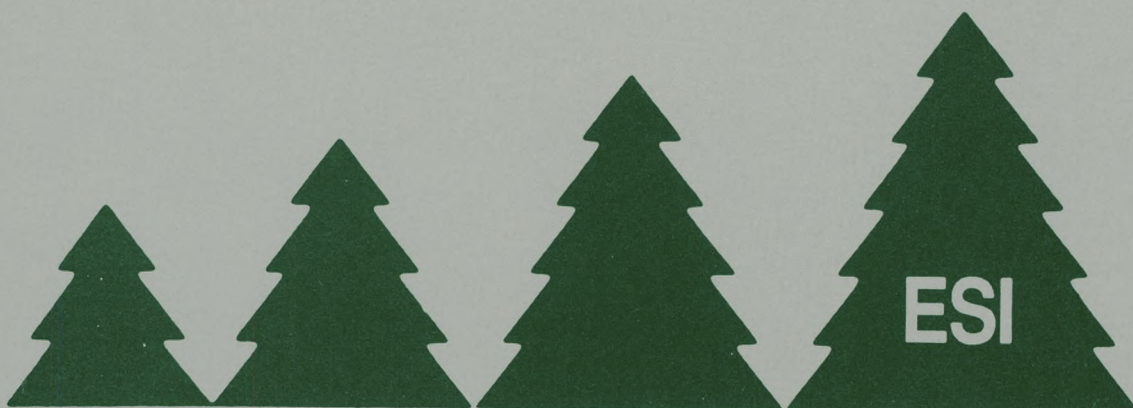
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System/36

The IBM System/36 is an office system designed specifically for the special demands of business. It is a system that can help people work more productively; a system that can help you access, store and revise information rapidly and effectively. In short, it is a system that can help increase productivity at every level of your financial institution.

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A professional range of business functions, including both word and data processing, document distribution, message handling, business graphics, efficient storage, retrieval of information and allows several programs or users to access the system simultaneously. This helps speed workflow through your institution.

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Query/36

This System/36 office application is a true on-line reports generator, giving you the ability to retrieve information easily from files built on the System/36. The package can be used alone to retrieve information efficiently from up to five data files at once in your System/36. It can also be used in conjunction with DisplayWrite/36 to help manage, revise and then distribute detailed or summary information where it's needed.

Query/36 gives you flexibility in the way you retrieve either customer or institution information. You can "print" the data on display stations or printers or save the information in a disk file. You can also selectively retrieve information according to a wide variety of test conditions such as equal, not equal, list range, etc. In addition, once a query has been defined, it can be saved, allowing the query to be run many times. A new query can be easily patterned after an existing one.

Other Productivity Tools

DisplayWrite/36, a high-function word processing program that allows you to create and revise documents and interchange documents with DisplayWrite 4.

PC Support/36, allowing the versatile IBM Personal computer to become an interactive System/36 workstation for accessing and managing information.

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Wyoming

William Ruegamer, pres., Sheridan
Gretchen Tea, exec. dir., Casper



Lynn Duncan Promoted at First Interstate Casper

Lynn B. Duncan has been elected to the position of senior vice president, in charge of business and economic development at First Interstate Bank of Casper.

This appointment creates a new position for the bank, according to Charles E. "Chuck" Pedersen, president and chief executive officer.



L.B. DUNCAN



M.M. WILKIE

Duncan will coordinate the economic development efforts of the bank by helping to put bank customers in touch with various economic development agencies throughout the state. He will also act as the liaison between the bank and private and public economic development programs.

Duncan will also be in charge of First Interstate's business development, coordinating various sales programs and correspondent bank contacts.

Most recently Mr. Duncan has served First Interstate of Casper as vice president and marketing manager. He brings more than 30 years of business development and marketing experience to his new position. After attending the University of Minnesota at Duluth, he served from 1952-55 in military service then returned to his native Duluth to join Northern City National Bank. In 1970 he moved to Des Moines, Ia., where he joined Bank-

ers Trust Company as vice president for marketing. He returned to Minnesota in 1973 to join the Dick Stebins Agency in Minneapolis, working there four years.

Mr. Duncan moved to Casper in 1977 to join Wyoming National Bank (now a Norwest franchise), then joined First Interstate of Casper in July, 1984, as vice president and marketing manager.

M. Michelle Wilkie will replace Mr. Duncan as vice president and marketing manager. Most recently she has served as assistant vice president in the commercial loan department. Previous to that, she was assistant vice president and marketing officer for First Interstate Bank of Great Falls, Mont.

Affiliated Reports Second Quarter Loss

Affiliated Bank Corporation of Wyoming has reported its financial results through June 30, 1987. R.W. Miracle, president and chief executive officer of Affiliated, stated "for the second quarter, 1987, Affiliated is reporting a loss of \$1,808,000 (\$1.52 per share). When combined with earnings of \$534,000 for the first quarter, the year-to-date loss through June 30 was \$1,274,000 (\$1.07 per share) compared to a loss of \$8,930,000 (\$7.53 per share) for the first half of 1986.

"The loss in the current quarter is attributable primarily to a restructuring of the bank's investment portfolio, as a result of increases in the level and volatility of interest rates earlier in the quarter. New securities losses in the quarter related to this restructuring were \$1,635,000.

"The provision for loan losses in the second quarter was \$1.3 million while net charge-offs in the same period were \$2.9 million and the ending allowance for loan losses was

\$8.4 million. At June 30, 1987, equity capital was \$19.7 million and primary capital was \$28.5 million or 6.4% of total assets.

"While the losses incurred in restructuring our investment portfolio were higher than expected and loan loss provisions have put us behind our profit plan in the second quarter, we are encouraged that non-interest expenses are down almost 16% for the first six months. These improvements combined with an anticipated reduced level of loan loss provisions in the second half should result in profitable operations in the third and fourth quarters of 1987."

Promoted in Laramie

First Interstate Bank of Laramie has named E.J. (Woody) Haines chairman. He will remain CEO, and his former position as president will be filled by David L. Keithley, who will also serve as chief operating officer. Mr. Keithley previously served as senior vice president and credit administrator at First Interstate Bank of Idaho, Boise.

Also at the bank, Gordon W. Jenkins has been promoted from senior vice president to executive vice president and chief financial officer.

Named in Rock Springs

Pete F. Delaurante has been named vice president of the First Wyoming Bank, Rock Springs. He has served as manager of United Savings Bank in Rock Springs for the past eight years.

WBA Announces Committee Members

The Wyoming Bankers Association has announced its 1987-88 committee members. Chairmen of the committees are as follows:

Agriculture—Ed Garding, First Interstate Bank, Sheridan. Audit—Don Doyle, Norwest Bank Casper. Consumer Credit—Janet Julian, Hilltop National Bank, Casper. Coordinating with the State Treasurer—Donald Swanton, First Interstate Bank, Casper. Credit Conference—Richard Niedling, First Interstate Bank, Casper. Insurance—Ralph Owen, First Wyoming Bank-East Cheyenne, Cheyenne. Legislative—Charles E. Pedersen, First Interstate Bank, Casper. Trust—Thomas A. "Rusty" Ward, Jr., Norwest Bank Casper.

Montana

James Bennett, pres., Billings
John T. Cadby, exec. v.p., Helena



Norwest Names President for Region VIII

Norwest Corporation has announced that Vance O. Williams has been named regional president for Norwest's Region VIII, comprising Norwest's banking operations in Montana.

Mr. Williams succeeds C.P. Buck Moore, who has been named to the new post of regional chairman for Montana, and who remains Norwest regional president for South Dakota.

Mr. Williams previously was executive vice president of Norwest Bank South Dakota—Sioux Falls, and senior credit administrator for the South Dakota region, Region VI. He joined Norwest in 1957 as a credit analyst in the corporate office in Minneapolis, and subsequently served with Norwest banks in Fairbault, Minn., for 11 years; Fargo, N. Dak., four years, and Rapid City, S. Dak., for eight years. He moved to Sioux Falls in 1984.



V.O. WILLIAMS

through the first quarter of this year. We'll know more when later statistics are available."

MBA 25 Year Club Awards Scholarships

The Montana Bankers Association reminds bankers whose careers span 25 or more years that they may join the MBA's 25 Year Club scholarship award program. To join, bankers need only send a \$25 contribution and the year they entered banking to the MBA office.

The contributions are used to fund \$500 scholarships to students majoring in finance, business and ag business at Montana state universities and colleges. Six scholarships were awarded this year.

MINNESOTA NEWS...

(Continued from page 42)

manager for the Huron Valley National Bank in Ann Arbor, Mich. Mr. Hoover's primary duties will relate to the marketing of BancInsure products to MBA-member banks.

MBI Session Completed

The Midwest Banking Institute (MBI) concluded its 21st annual session on July 24. About 66 students completed the two one-week sessions in two consecutive years. The Institute is sponsored by the state bankers associations of Minnesota, Montana, North and South Dakota, and Wisconsin.

Zapp Presents Free Movies for Senior Citizens

Zapp National Bank, St. Cloud, is once again sponsoring its "Senior Cinema" program, in cooperation with the Cinema Entertainment Corporation. The bank makes free movie tickets available for use at the local Crossroads Cinema theater. Refreshments at 9:30 a.m. precede the show, at 10:00. The bank recently offered "Crocodile Dundee" and will present "Hoosiers" on Oct. 14.

Brainerd Bank Sponsors Business Seminars

For the second year, First American Bank in Brainerd is co-operating with the Brainerd Area Chamber of Commerce to present a series of seminars for small businesses called "Business Sense Seminars." A recent program, offered on Aug. 25 at the Brainerd Holiday Inn, featured a CPA discussing how to "Manage Your Business for Profits."

The seminars are held monthly. Future topics include tax laws, employee appraisals, computers and accounting.

Economic Recovery Seen

According to a recent article in *The Billings Gazette*, statistics confirm economic recovery is taking place in Montana.

The newspaper has tracked various economic indicators since 1984, including housing starts, number of oil rigs, visitation at Yellowstone and Glacier national parks, savings and loan deposits, prices for farm commodities and unemployment rates.

Phil Brooks, Montana state economist, was quoted as saying: "My overall judgment is that recovery started last fall and has continued

Changes Told in St. Cloud

The addition of John Reep as trust officer has been announced by John E. Leisen, president of Zapp National Bank in St. Cloud. He was previously associated with Iowa State Bank.

In addition, Keith Finstad has been named assistant trust officer. He has been with the bank for four years and previously worked in the audit department.

Assistant Vice President Mark Christianson recently received his Certified Financial Planner status. He has been with Zapp for six years.

Bank Secrecy Seminars Held

Nearly 200 bankers attended the first three meetings of the Bank Secrecy Act Seminar for Customer Contact Personnel. The seminar is sponsored by the Minnesota Bankers Association and 17 Minnesota Study Groups and the Southwest Chapter of the AIB, in cooperation with the Internal Revenue Service.

The seminar is scheduled to be held in 24 locations from July through September. According to MBA Administrative Vice President Wayne Berthiaume, "Response has been tremendous." 2000 total attendees are expected.

Colorado

Jon Coates, pres., Denver
D.A. Childears, exec. v.p., Denver



Colorado Natl. Announces Staff Changes

Colorado National Bankshares, Inc., Denver, has announced recent staff changes.

Robert G. Baker, Jr. has joined Colorado National Bank—Exchange, Colorado Springs, as executive vice president and chief operating officer. He began his banking career in 1964 at the former Colorado Springs National Bank, and held various positions there until his election as president in 1985.

Pamela M. Kelsall has been elected a vice president at Colorado National Bank of Denver. She has been with CNB since 1978 and manages the banking division's planning and product development activities.

Stephen J. "Ched" Miller has been elected a vice president of Colorado National Bank—Lakewood. He joined the bank in 1974 and is responsible for commercial lending.

Also at the Lakewood bank, Nancy A. Harvey has been elected a loan operations officer. She has been with the bank since 1983.

Linda Brinson has been elected a vice president of Colorado National Bank—Arvada. She began with the bank in 1978, and is responsible for accounting, customer assistance, bookkeeping, switchboard and proof departments.

Also at the Arvada bank, Pat Deegan has been elected a banking officer. She joined CNB in 1980 and is responsible for new accounts.

Ronald K. Siegle has been elected assistant vice president at Colorado National Bank—Northeast, Denver. He has been with CNB since 1983 and is responsible for commercial and consumer loans and consumer compliance.

Chris A. Duran has been elected an assistant vice president of Colorado National Mortgage Company. She joined the company in 1981, and is responsible for all loan servicing

functions.

E. Kinzie Gordon has been elected an assistant vice president of Colorado National Mortgage Company. She joined the company in 1985, and is responsible for commercial real estate loan origination and investor relations.

Central Bancorp. Announces Promotions

Kent D. Boyd has been elected president of Central Bank of Aurora. His 17 years of banking experience include senior vice president for Central Bank of Colorado Springs and executive vice president for Central Bank of Broomfield. He has also served as interim president for two Central banks, and most recently was executive vice president of Central Bank of Chatfield.

Meanwhile, Raymond L. Guerrie has been elected president of Central Bank of Westminster. He has served other Central Banks in Battlement Mesa and Glenwood Springs as president and executive vice president, respectively. He is currently president of Central Bank of Broomfield and will continue in that function.

Glen L. Ryland has been elected to the board of Central Bank of Denver. He is president of Ryco, Inc., and aviation and general management consulting service.

Named in Denver

Rick Regan has been named senior vice president of commercial lending at First Interstate Bank of Denver. He joined the bank in 1986 as vice president and manager of

mid-market lending. Prior to that he was employed by Affiliated Bankshares of Colorado, Inc. and First National Bank of Denver.

1st Interstate Acquires Bank of Casper

First Interstate Bank of Denver announced today that it has acquired 100% of the stock of the Bank of Casper. The stock was acquired as a result of a bank stock loan to Energy Banks, Inc., a Casper bank holding company.

Chuck Pedersen, president and CEO of First Interstate Bank of Casper will become chairman of the Bank of Casper. No other staff changes are anticipated.

Arapahoe Banks to Merge

United Banks of Colorado, Inc., Denver, has filed an application with the Comptroller of the Currency for the merger of United Bank of Arapahoe—East into United Bank of Arapahoe.

Both banks are located in Englewood. Following approval, the merged bank will be headquartered in the United Bank of Arapahoe facility.

William K. Soldan has been elected president, chairman and CEO of the bank. He previously served as executive vice president of United Bank of Littleton. He has nearly 25 years of banking experience, including 15 years with United Banks of Denver, Arapahoe, South Park and Littleton.

CMBA Elects Officers

At its recent convention in Vail, the Colorado Mortgage Bankers Association elected its 1987-88 officers and board members.

D.L. "Dutch" Franz, senior vice president of United Mortgage Company, was elected president; David C. Harder, president and CEO of Interstate Lending Corporation, vice president, and C.W. "Chuck" Lent, Jr., vice president of National Mortgage Company, secretary/treasurer.

If we're not your correspondent bank, you're writing off the best service in the region.

Frankly, you're short-changing yourself and your customers by not using First Interstate Bank of Denver as a correspondent bank.

That's because no other bank in the Rocky Mountain region approaches our experience, resources, and breadth of products.

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And you're missing a range of comprehensive and technically advanced products that can be tailored to your needs today and tomorrow.

Specifically, you're overlooking:

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International services that offer access to First Interstate's worldwide network.

The most advanced cash management systems, along with complete consulting and support.

Third-party cash management services that will meet the needs of your customers.

And you can buy federal funds at national rates in amounts as low as \$50,000 on approved credit.

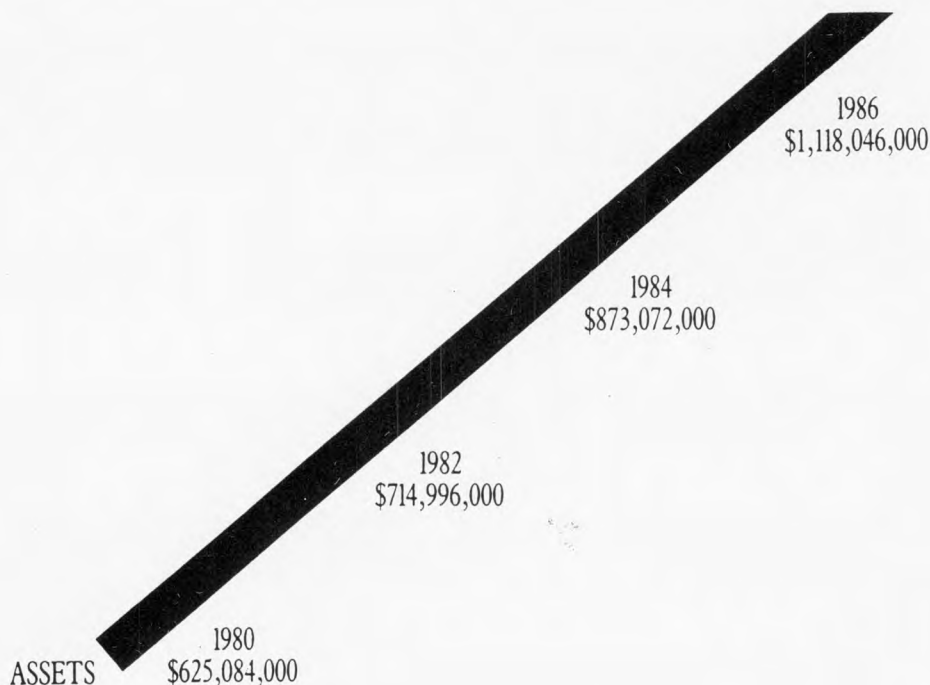
To learn more, call Bob Swartz now at (303) 293-5600. Whether your operation is large or small, you have a lot to gain from the best correspondent banking services in the Rocky Mountain region.



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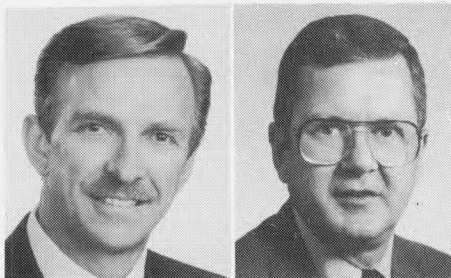


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Nebraska

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



Legislation Dominates Area Meetings

By **BEN HALLER, JR.**
Publisher

AREA MEETINGS conducted at six locations around the state last month by the Nebraska Bankers Association drew excellent crowds of bank officers.

The meetings were held Tuesday, Wednesday and Thursday in successive weeks—August 11, 12 and 13 in Omaha at Ross' Steak House; Beatrice Elks Club, and in Columbus at the New World Inn; August 18, 19 and 20 at Scottsbluff Country Club; McCook Elks Club and the Kearney Ramada Inn.

NBA President Don Blaha, president and CEO at First National Bank, Ord, presided at the meetings. Speakers at each meeting included Bill Brandt, NBA general counsel; Stan Matzke, NBA executive vice president; Roger Fleury of Nebraska Senator Karnes' office in Washington, D.C., and Bill Oster-

berg, who manages the NBA employee benefit program.

Mr. Blaha stressed the need for development of a good image of banking, as well as the need for developing a strong Contact Banker committee. He reviewed an almost weekly series of meetings he and the other staff had been involved in since his election to head the NBA at the convention last May.

A major portion of the program was devoted to the "Government Relations Report," reviewed in depth by Mr. Brandt. He stressed again the need for a strong Contact Banker committee because it will be needed in coming months as key issues important to banking are presented to the legislature.

Mr. Brandt stated up front that in his opinion, "Usury could be the most dangerous issue facing us in the legislature, notwithstanding the emphasis on structure and other issues. It will take the united effort of *all* financial institutions in Neb-

raska, and that means *all* Nebraska banks as well. If you can assist as a Contact Banker, please come forward *now* to help make this a united front."

On the issue of Public Funds, Mr. Brandt said law changes over the years mean that "Our argument for a level playing field gets weaker." LB488 that was proposed last session in Lincoln demands divestiture of 50% of state funds from banks. Mr. Brandt said Nebraska is the last state having such restrictions against s&ls.

He reported that "We have just received a compromise offer" on the Public Funds issue from leaders of the top five s&ls in the state. This compromise would remove the restrictions; would allow deposit of funds in stock s&ls only; would defer the startup date to January 1, 1990. "This may not be enough," Mr. Brandt stated, "but down the road is coming a bill to pool all insurance through one place for several counties going together. Now they want to pool public funds to go into one place and we see possibly a state bank like the one in North Dakota... A positive result of compromising on the Public Funds issue is from gaining an ally that will help fight the pooled funds issue to operate a state bank, and they would help fight this." In response to a question, Mr. Brandt said the 50% divestiture is *not* a part of the compromise offer made by the s&ls.

Mr. Brandt said "The Public Funds issue was discussed with the NBA committees at their retreat recently and they agreed unanimously to seek compromise."

On the issue of interstate banking, Mr. Brandt reported that NBA has sent out to five firms requesting a proposal to conduct a survey. Two questions apparently will be asked: The first will ask the banker's personal preference on interstate banking—for, against or neutral. The second will ask what the NBA's position should be—for, against or neutral. The results, according to Mr. Matzke, will be used by the executive council in determining a position.

Mr. Brandt said Nebraska is better off with voluntary rather than mandatory mediation such as prevails in Minnesota and Iowa. He said as of September 1, former Judge Sam Van Pelt and his firm will provide voluntary mediation



ADDRESSING the six area meetings conducted last month by the Nebraska Bankers Association were the above, left to right: **Bill Brandt**, NBA genl. counsel; **Stan Matzke**, NBA exec. v.p.; **Roger Fleury**, aide to Nebraska's U.S. Sen. Karnes, and NBA Pres. **Don Blaha**, pres. & ceo, 1st Natl., Ord.

service.

He also said that on the issue of branch banking, the NBA has voted not to take a position so long as the bill is confined to Douglas, Sarpy and Lancaster counties. He also stated NBA's opposition to tampering with the usury limits, or allowing any annuity loophole as a means for evading debts in bankruptcy.

Mr. Fleury recapped Congressional work leading to the passage of H.R. 27, which was signed into law August 10 by President Reagan. He also reviewed current negotiations that brought the Farm Credit Sys-

tem rescue bill and the ag secondary market out of committee and before the House in mid-August.

Mr. Matzke reported that President Blaha had reactivated the Economic Development Task Force initiated a year and a half ago by former NBA President Kelly Holthus. In the material handed out to all registrants at the area meetings was a page asking individual banks for a commitment to the NBA's Lender Commitment Program in connection with local economic development. It is a non-binding commitment but serves to focus each bank's attention on the need for such local development, while also focusing community attention on the commitment of the local bank(s).

In a related area of activity, Mr. Matzke reported that the NBA marketing committee will underwrite the approximately \$12,000 cost for producing a half dozen newspaper ads for local placement that have been developed by Bailey & Lewis advertising agency of Lincoln. The ads are taglined "Your Home Town Bank," and are aimed at economic development in cooperation with the Nebraska Department of Economic Development.

Mr. Matzke also reported on a customer study to be handled by the Rozmarin firm in Omaha. It will consist of two parts. Two personal interview focus group studies will take place in Lincoln and Kearney, consisting of 10 to 12 people in each case. The state also has been divided into five areas by the marketing committee for 1,000 telephone surveys. The results will be presented to CEOs in October at the Senior Management Conference.

The business meetings concluded with an explanation of new details of the NBA insurance programs by Bill Osterberg, who services the Voluntary Employees Beneficiary Association that provides coverage to nearly 400 Nebraska banks.

A reception and dinner, featuring Oklahoma humorist Dan Baker, concluded the evening at each meeting. □

Ag Lending Committee Established by KBA/NBA

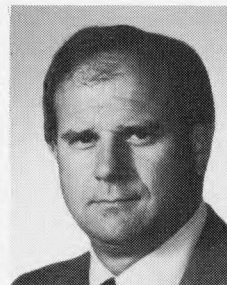
Under the direction of the KBA/NBA Schools of Banking board of directors, a special Agricultural Lending Advisory Committee has been established. Chaired by C.G. "Kelly" Holthus, the committee's

first meeting will be held in early October. The purpose of the meeting will be to recommend a target year/date for the first Ag Lending School, plus begin curriculum planning.

Committee members are: Jack Meyers, exec. v.p., First National Bank, Cunningham, Kan.; Galen Nelson, v.p., American State Bank, Great Bend, Kan.; James L. Darrah, pres./CEO, Chapman State Bank, Chapman, Kan.; Becky Tongish, Dir. of Ed. and Human Resources, KBA; Jone Beer, Schools of Banking administrator; C.G. Holthus, pres./CEO, First National Bank, York, Neb.; Homer Pierce, pres./CEO, Seven Valleys State Bank, Callaway, Neb.; Dale Goff, v.p., Richardson County Bank, Falls City, Neb.; Don Blaha, pres./CEO, First National Bank, Ord, Neb., and Karen Miller, Dir. of Ed., NBA.

Elected in Tecumseh

Terrence L. Geiger has been elected president of the Johnson County Bank of Tecumseh, a wholly-owned subsidiary of American National Corporation. Active in banking since 1972, Mr. Geiger had served as the president of other banks prior to joining American National in 1986.



T.L. GEIGER

Promoted in LaVista

The Bank of Nebraska in LaVista has named Robert J. Hearron its president. He previously served as senior vice president of Mid City Bank of Omaha.

Other promotions at the bank were: Dick Janowski, senior vice president, to senior loan officer; Curtis D. Brown, to loan officer/consumer loans; Anthony J. Horacek to cashier; Ethel J. Stamm to assistant cashier in charge of mortgage loans, and Cindy Luukkonen to assistant cashier in operations.

Banks to Merge

Application has been filed to merge Dalton State Bank into First National Bank of Sidney.

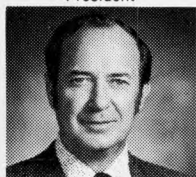
Talk To The Municipal Bond Professionals



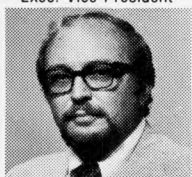
William March
President



Robert E. Roh
Exec. Vice President



Patrick H. Rensch
Sr. Vice President



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



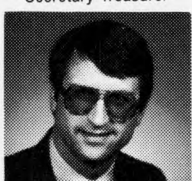
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Relationship banking also means that, unlike other correspondents, we don't compete directly for business with the banks we serve. The relationship is too important to us.

Of course, the relationship we're seeking also includes providing the full range of correspondent products and services you expect, from check clearing and cash management to investment services and complete regulatory compliance and forms processing.

If this kind of correspondent service makes as much sense to you as it does to us, we'd like to talk with you, because the first step in any successful business relationship is a get-acquainted session.

Call us at (402) 472-4115. We'll tell you a lot more. Just as important, we'll **listen** to you.

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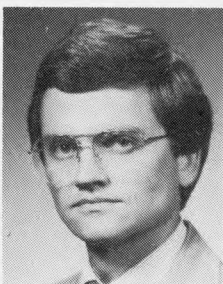


Omaha

At Norwest Bank Nebraska, **Michael Drahota** has been promoted to vice president—special loan administration and **Marcy Long** and **Diane Robinson** have been advanced to assistant vice presidents.

Mr. Drahota joined Norwest in 1985 as a special loan administration officer. Prior to that he worked as an administrative legal council for another bank.

Ms. Long is manager of the 96th and L Street facility. She joined the bank in 1967 and has managed the discount department, was assistant facility manager and a personal banking officer.



M.R. DRAHOTA

Several officer appointments have been announced by FirstTier Bank Omaha.

Ronald H. Bielenberg was named vice president. He joined the bank in February and is serving as the city executive for the Kearney facility.

Nancy K. Johnson was promoted to vice president. She joined the bank in 1973 and is a personal trust administrator III in the estate and trust division.



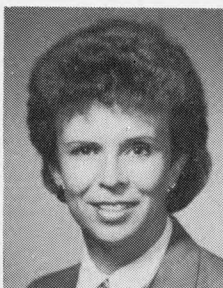
R.H. BIELENBERG



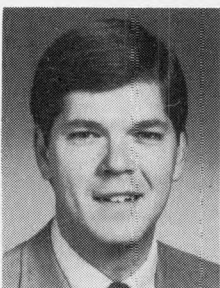
N.K. JOHNSON



M. LONG



D. ROBINSON



M.J. MATTHES



J.S. MORRIS

Ms. Robinson is the manager of the Cash Center at 20th and Farnam Street. She joined Norwest in 1974 and has been manager of the savings section, DDA section and tellers. She has managed the Cash Center since 1971.

Also named v.p. was **Mark J. Matthes**. He is division manager of the new created operations division. He transferred in June from FirstTier Bank Lincoln, where he served as vice president and operations manager.

John S. Morris was also promoted

to vice president. He transferred to the bank in 1986 from FirstTier Management Consultants where he was a senior field consultant.

Named assistant vice presidents were: **Gerald J. Cook**, manager of the credit card—credit department; **Howard James Cunningham**, trust systems analyst in the operations area of the estate and trust division; **Karry A. Johnson**, manager of account services for the operations division; **Thomas H. Rogers**, lending officer II in the corporate team of the commercial lending division; **Robin A. Sgroi**, manager of credit card operations in the retail division, and **Bruce Stacy**, a lending officer II in the leasing department of the lending division.

Other officer appointments were: **Christine L. Brown**, lending officer; **John C. Brown**, credit officer; **Susan K. Fleetwood**, credit officer; **Dan K. Gomez**, lending officer; **Virginia Hughes**, trust investment officer; **Wood A. Hull**, personal trust officer; **Linda Mason**, operations officer; **Susan Moreland**, operations officer; **Mary Theresa Ringwalt**, trust investment officer, and **Philip D. Wolf**, lending officer.

* * *

FirstTier Financial, Inc. net income for the first six months of 1987 totalled \$9,418,000, a 35.3% increase over the \$6,959,000 earned during the same period of 1986. On a per share basis, earnings were \$1.88, compared to \$1.40 a year ago.

Second quarter earnings totalled \$4,409,000, or \$.88 per share, up 62.5% from the comparable 1986 figure.

According to **William C. Smith**, president and CEO, the corporation's improved performance primarily resulted from its ability to reduce the monthly provision for loan losses to a level that is consistent with current requirements.

The primary capital ratio of FirstTier Financial, Inc., was 7.69% at mid-year. FirstTier Bank Omaha's ratio was 8.62% and FirstTier Bank Lincoln's was 9.12%.

* * *

Kirkpatrick, Pettis, Smith, Polian Inc. has announced the appointment of **Robert D. Northrop** as senior vice president, business development, in its Lincoln office.

KPSP, a full-service investment banking and securities brokerage, is

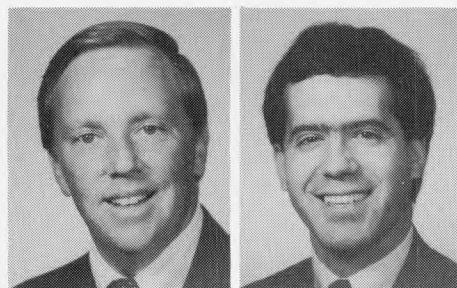
an affiliate of Mutual of Omaha with offices in Omaha and Lincoln.

Mr. Northrop has many years of banking an investment experience. From 1979-83, he served as president and chief executive officer of First Mid America, Inc., a Lincoln-based brokerage firm. Prior to this, he served as executive vice president for First National Bank of Lincoln (now FirstTier).

Most recently, he has served as administrator of economic development for the City of Lincoln.

* * *

At American National Bank, **Chris J. Murphy** and **Albert Pinho** have been elected assistant vice presidents. Mr. Murphy joined the



C.J. MURPHY

A. PINHO

bank in 1980, and will continue his responsibilities with the marketing and loan departments. Mr. Pinho joined the bank's loan department in 1985.

* * *

First National Bank of Omaha has filed an application with the Office of the Comptroller of the Currency to open a branch office at 114th & Dodge Streets in Omaha.

* * *

Mrs. Elizabeth Robbins, 58, who retired from the First National Bank of Omaha last spring after 20 years of service there, died last month of cancer in an Omaha hospital.

Liz Robbins was known to bankers throughout Nebraska, Iowa and other states for her two decades of work in the correspondent banking department where she worked as secretary and administrative assistant.

Mrs. Robbins is survived by her husband, W.J. Robbins, Nebraska area manager of the U.S. Treasury Savings Bonds division; a son, Steve, of San Francisco; and two daughters, Jeanne Harrington and Kay Peterson, both of Omaha.

John Cochran, president of Norwest Bank Nebraska, has announced that Norwest scholarships have been given to the following Nebraska students: **Marcia Hild**, **Lori Ann Krajicek**, **David Arkfeld**, **Teresa Ann Luedke** and **Tracey Newby** of Omaha, **Andre Leigh Hitz** and **Donald Fendrick** of Norfolk and **Michael J. Farrell** of Hastings. A total of 94 college scholarships were given by Norwest this year.

Changes Told in Crawford

Don Bell has resigned as president and chief operating officer of the Crawford State Bank to pursue other business interests. Ben Norman has been appointed executive vice president and chief operating officer. He previously served as vice president at Security National Bank in Harrison.

Max Hasselbring has resigned as the bank's installment loan officer, in order to accept a position with the Casey Insurance Agency in Johnson. His successor is Scott Haskell, who was formerly assistant cashier at the First National Bank of Fairbury.

Ownership Change Filed in Minatare

A group of investors headed by Gary L. Kelley has applied under the Change in Bank Control Act to acquire 100% of the voting shares of Minatare State Company, the holding company for Minatare State Bank. Mr. Kelley is the bank's president. Application is on file with the Federal Reserve Bank of Kansas City, awaiting approval in late September.

Present owner of the holding company is bank Chairman H.L. McKibbin.

According to Mr. Kelley, no staff changes are anticipated in connection with the ownership change.

Merger Application Filed in Schuyler

Schuyler State Bank & Trust Co. has filed an application with the Nebraska Department of Banking to acquire State Savings Company of Schuyler. The two organizations share some common stockholders. State Savings Company would be merged into the bank and operated as an office of Schuyler State Bank.

Lexington Banks to Merge

Farmers State Bank & Trust Co., Lexington, has filed application with the Nebraska Department of Banking to acquire First Savings Company of Lexington. The latter is an industrial bank owned by basically the same stockholders as Farmers State Bank, and it will be merged into the bank.

Krejci Moves to Hickman

Ronald J. Krejci has resigned as president and CEO of Schuyler State Bank & Trust Company. He and a group of investors have acquired the First State Bank of Hickman. Mr. Krejci will serve as that bank's chairman and chief executive officer.

NBA Members Encouraged to Attend ABA Convention

First choice for hotel accommodations at the ABA Convention has been announced by the NBA to be the Hyatt Regency Dallas at Reunion, 300 Reunion Boulevard. NBA members are encouraged to mark this hotel on their convention registration form.

The NBA Post-Convention Trip, Oct. 21-24, will take you to the San Antonio Marriott Riverwalk. Call the hotel at (512) 224-4555 and ask for the NBA Post-Trip room block. Current rates for single or double are \$95-\$105. Contact the NBA office for more information on the Post-Trip.

Trust School Announced

The KBA/NBA Schools of Banking will offer their 1987 School of Trust & Financial Planning on Nov. 2-6 at the Holiday Inn—Central in Omaha.

Registration will begin at 11:30 a.m. on Nov. 2; classes officially begin with an orientation at 1:00 p.m. The school adjourns on the 6th at approximately 12:15 p.m., following the post-test.

Enrollment fee includes registration, instruction, four nights lodging, breakfasts, lunches, coffee breaks, one reception and all classroom materials. Fees are \$700 for single housing, \$600 for double, and \$550 without housing.

For an application, call Jone Beer or Pam Bartak at (402) 474-3313. Deadline for applications is Oct. 5.



Lincoln

Donald R. Campbell was elected president of Commerce Savings Lincoln, Inc. by the board of directors at their July meeting. Mr. Campbell, who was formerly senior vice president, remains a member of the board of directors.

Mr. Campbell began his banking career at the National Bank of Commerce in 1972. He transferred to Commerce Savings in 1974 shortly after the bank was acquired by First Commerce Bancshares, Inc.

At First Commerce Bancshares, **Ann Emanuel Hovis** has been promoted to audit manager. She joined the audit staff in 1983. Her previous experience includes employment with First National of Kearney.

* * *

FirsTier Bank Lincoln has announced several promotions:

Alan R. Eveland was promoted to assistant vice president, underwriting, municipal and government bond division. He joined the bank in 1979.

Michael G. Harlander was advanced to assistant vice president and investment officer, municipal and government bond division. He joined FirsTier in 1984.

Daniel S. Black was named ag and financial institutions officer, and **Carolyn A. Sharp**, operations manager at the 13th and "L" branch.

* * *

Robert R. Rossel has been elected correspondent banking officer at the National Bank of Commerce. He joined NBC in 1979 as check processing manager after spending nine years with an Omaha bank as cost accountant officer. After serving as check processing officer and assistant vice president, Mr. Rossel left the bank to spend the past two years in private business.

* * *

FirsTier Bank Lincoln has closed its Bellwood branch, located at Broadway and State Streets.

The new benefit is in addition to other benefits already provided for Cole Taylor employees—a 401(k) plan, profit sharing, medical and dental insurance, and life and disability insurance.

* * *

The Construction and General Laborer's District Council of Chicago and Vicinity, in cooperation with Amalgamated Trust & Savings Bank, Chicago, will offer a no-fee 12.5% annual rate MasterCard to its 16,000 members. Said Council President **Ernest Kummerow**, "Ours is among the best credit card affinity programs, not only in the construction trades, but possibly the country."

* * *

In connection with the recent changes in the Cole Taylor Financial Group's corporate identity, a special children's art contest was held by all member banks. Artwork submitted was to answer the question, "If you changed your identity, what would you look like?"

Winners were selected in the 8-11 year age group and the 12-14 year group at each member bank. Judges were a panel of three members of the School of Art Institute's non-degree program.

Winners received scholarships to the Studios Program of the Art Institute.

WISCONSIN NEWS...

(Continued from page 44)

on Aging, Banking, Credit and Taxation and the Senate Committee on Agriculture, Health and Human Services on the availability of credit for rural economic development. Bankers also testified before the joint committee on Northwestern Wisconsin's special listening session on the economy of Northwestern Wisconsin with special emphasis on tourism.

Named in LaCrosse

Arthur S. Holmes, president and founder of ALTEC International, Inc., has been named to the board of directors of First Bank LaCrosse. Prior to forming ALTEC, he was vice president and manager of the gas processing division of Koch Process Systems, Inc., Westborough, Mass.

BAI Officers Announced

The 1987-88 officers of the East Central Nebraska Bank Administration Institute are as follows: President—Terry Novak, First National Bank Omaha, David City branch; Vice President—Daryl Wilton, First National Bank, Schuyler; Secretary/Treasurer—Robert Frehrichs, First National Bank, Columbus. Past President—Jayne Shack, Albion National Bank.

Receives Scholarship

The KBA/NBA Schools of Banking has named Max L. Dibble recipient of The Prochnow Educational

Foundation PDP Scholarship. Mr. Dibble, an operations officer at the First National Bank of Phillipsburg, Kan., will receive a full scholarship for the first-year session at the Graduate School of Banking in Madison, Wis.

CHICAGO NEWS...

(Continued from page 43)

Employee Stock Ownership Plan (ESOP). All of the initial 7,923 shares in the ESOP were purchased without incurring debt, meaning Cole Taylor's initial contribution to the ESOP amounts to about \$1.47 million.

● **HELP AG CUSTOMERS. . .**

(Continued from page 26)

- trying to make the point that Nebraskans can grow other things besides feed grains," Mr. Holthus emphasized.

In-House Data Processing

- Innovation comes naturally to Kelly Holthus. In 1966, 1st National Bank of York was the first Nebraska bank (outside of Omaha and Lincoln) to hire a service center to do its data processing. The First National Bank of York was also the first small-town bank in Nebraska to install automated teller machines (ATMs).

- "Our latest innovation is to do our data processing in-house," says Mr. Holthus. "We were happy with the service center but, after a thorough study, we decided we could save a significant amount of money by doing our own data processing. Not only that, we are now the service center for our branch banks in Bradshaw, McCool Junction and Waco.

- "Best of all, our entire bank is running on a software system developed and produced by Information Technology Inc. of Lincoln.

Midwest Firms Are Leaders

- "And that brings up a pet peeve of mine," he interjected. "Too many people out here on the Great Plains have this notion that sophisticated computer systems have to come from the big cities on the coasts.

- "I remember having breakfast with some bankers at a meeting back East. This one bank president was from New England and he was raving about how much he liked the banking software he was running on his in-house data processing system. Then, a bank president from Virginia chimed in and said he was using the same software and started telling everyone how his staff loved this particular system.

- "Since we were thinking about doing our own data processing, I broke in to ask the name of this software company. I found out it didn't come from Boston or Silicon Valley. It came from 50 miles down the road in Lincoln!



Kelly Holthus points to 26 acres of land where 1st National Bank of York officers have planted onions, cauliflower, broccoli, sweet corn, lima beans and muskmelon as part of the bank's "Alternative Crops Demonstration Plot."



IN 1st National's computer room, **Kelly Holthus** discusses a data processing procedure with **Ronald Winquest**, manager of EDP at the bank.

"Later, we learned Nebraska has at least three companies producing computer software for the financial services industry. With a little more digging, we found three of these companies virtually dominate the production of financial services software in America.

"And that's my point. If we can write some of the most sophisticated and innovative computer software in the world out here on the Great Plains, we also have what it takes to gear our farming operations to the realities of a changing economy.

Farmers Rely on Computers

"More and more, our farmers come in with their ledgers and cash-flow projections on computer printouts. Recently, I read that today's farmers are adapting to the micro-computer more quickly than their grandfathers took to the tractor after World War I. The use of computers means our customers have a better fix on their costs, day-to-day.

"A sure way to go broke is to sell low and buy high. Shipping out raw materials at low prices and buying back high-priced manufactured or processed goods is a cycle we must break by learning to convert whatever we produce to cash either on or near the farm.

"I think the successful bankers of the future will be those who are willing to invest in on-farm or near-the-farm food or fiber processing plants. If a bank is a reflection of the community it serves, bankers have to be willing to help their customers change with the times," says Mr. Holthus.

Farm/Bank Teamwork Needed

"Long ago," he continued, "I learned you really have only two choices: you are either part of the problem or part of the solution." So, as president of this bank I've tried to get everyone in our industry to be part of the solution. Farming has to change and banking has to change right along with it.

"Working as a team, we'll make it into the 21st Century and be stronger than ever," Mr. Holthus concluded. □

■ **ABOUT THE AUTHOR**—William A. Hamilton, Ph.D is a Lincoln-based free-lance writer and syndicated columnist. Dr. Hamilton's column, "Central View," appears in almost 450 newspapers.

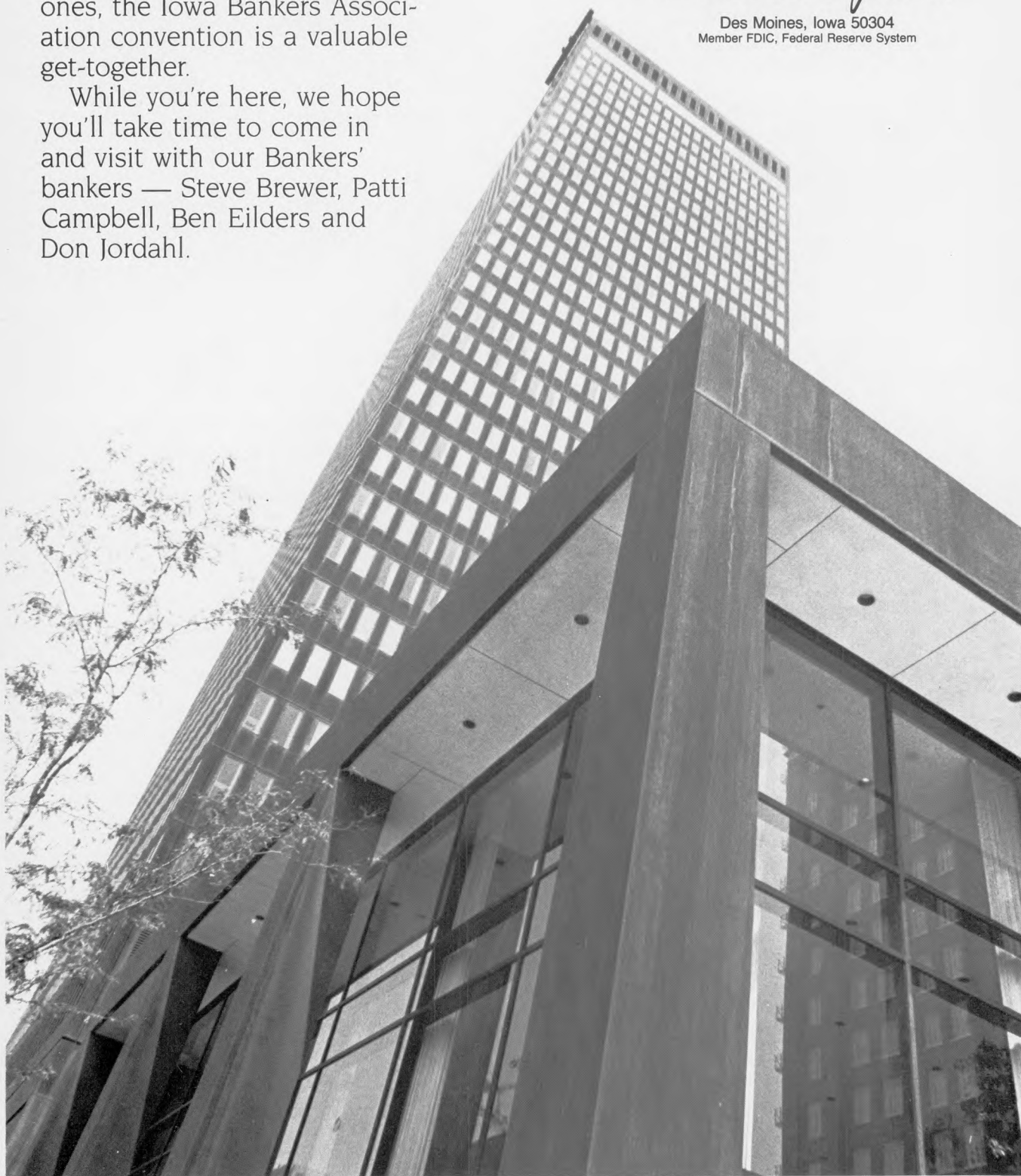
Welcome from the Bankers' bankers

Whether you come to talk business, to renew long-term friendships, or to make new ones, the Iowa Bankers Association convention is a valuable get-together.

While you're here, we hope you'll take time to come in and visit with our Bankers' bankers — Steve Brewer, Patti Campbell, Ben Eilders and Don Jordahl.

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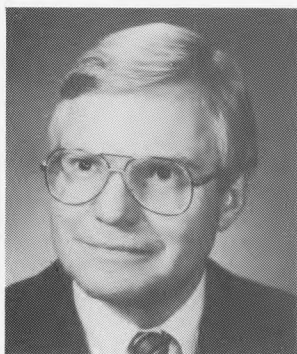


“Forging Ahead with Confidence”

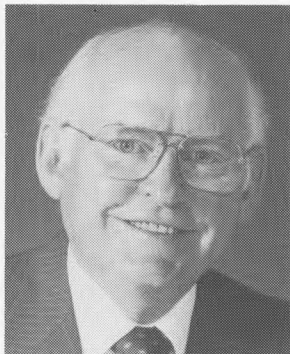
Iowa Bankers Association 101st Annual Convention

Des Moines Convention Center

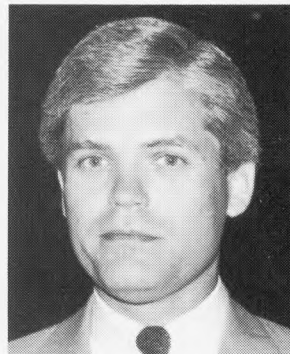
September 20-22



RUSSELL HOWARD
President



CLAIR LENSING
Pres.-Elect



FRED HAGEMANN
Treasurer



NEIL MILNER
Exec. Vice Pres.

COMPLETING a century of activity and service, the Iowa Bankers Association will hold its 101st annual convention September 20-22 in Des Moines. Once again the city's beautiful convention center will host bankers from all over the state.

With the theme “Forging Ahead with Confidence,” the convention will focus on the new optimism rising throughout the banking industry.

Russell S. Howard, chairman of the Mahaska Investment Company, Oskaloosa, will preside over the gathering. Scheduled to assume the presidency is Clair J. Lensing, president of Farmers State Bank, Marion. IBA Treasurer for the past two years has been Fred Hagemann, president of the State Bank of Waverly. Neil Milner has continued to serve as the Association's executive vice president.

“Bank Day at Living History Farms” will begin the festivities on Sunday the 20th. Highlighted by ribbon-cutting ceremonies at the Walnut Hill Bank, the day will also feature a church service at Church of the Land and an old-fashioned picnic. Bankers and their families may visit Living History Farms free of charge for the day.

Two special performances of “South Pacific” with Robert Goulet will be presented for bankers at 3:00 and 7:30 on Sunday at the Civic Center.

Outstanding speakers are scheduled for the general sessions on Monday and Tuesday. Internationally known economist Paul McCracken, “Wall Street Week”'s Louis Rukeyser, ABA President Mark Olson and University of Iowa basketball coach Tom Davis will be featured. Forums for both Republican and Democratic presidential candidates will be offered, and the following are scheduled to appear: George Bush, Pierre DuPont, Ben Fernandez, Alexander Haig, Kathleen Heslop, Jack Kemp, Paul Lexalt, Pat Robertson,

Joseph Biden, Michael Dukakis, Richard Gephardt, Albert Gore, Jr., Jesse Jackson and Paul Simon.

The popular concurrent sessions will be offered again this year, with topics including mergers and acquisitions, banking regulators, marketing, products and services, and bankruptcy.

The President's Dance, “Some Enchanted Evening,” will be held Monday night at the Marriott Hotel and feature The Big Band Sound, formerly the William Tell Band. Midwest Marketing Consultants will be taking portraits in order to provide bankers with complimentary picture packages.

The Ag Breakfast Tuesday morning will include speakers Dean Kleckner, American Farm Bureau Federation president, and cowboy humorist Baxter Black.

Entertainment for the traditional Inaugural Dinner will be the West Des Moines Dixieland Band.

The convention program and spouse program follow:

Sunday, September 20

A.M.

11:00 Bank Day at Living History Farms.

11:00 Church services.

P.M.

12:00 Lunch.

1:00 Dedication of Walnut Hill Bank.

2:00 IBA and IBIS annual meetings, Church of the Land.

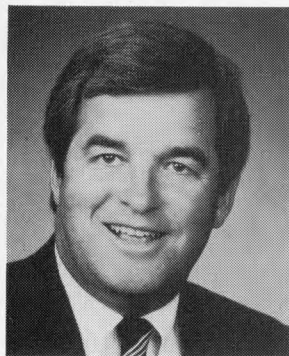
2:00 Registration Desk open at Convention Center.

3:00 “South Pacific,” Civic Center.

4:00 Exhibit hall open at Convention Center.

5:00 Reception in exhibit hall—cash bar.

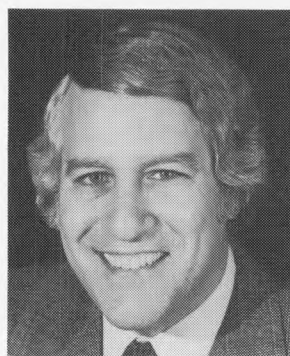
7:30 “South Pacific,” Civic Center.



M. OLSON



P. McCracken



L. RUKEYSER



D. KLECKNER

Monday, September 21

A.M.

- 8:00 Registration desk and exhibit hall open.
- 8:30 Opening ceremonies.
- 9:00 Paul McCracken, member, President Reagan's Economic Policy Advisory Board.
- 10:00 Republican presidential candidates forum.
- 11:15 Tom Davis, U. of Iowa basketball coach.
- 11:45 Lunch.

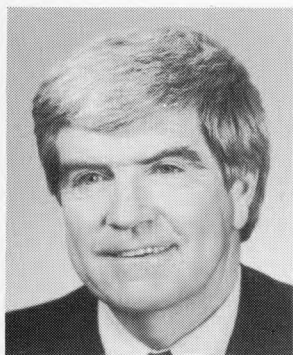
P.M.

- 1:30 Concurrent sessions.
 - "Unraveling the Mysteries of M&As"
 - "Realizing Profits From Expanded Bank Services"
 - "Straight Talk From the Regulators"
 - "Creative Portfolio Strategies"
 - "Bits and Bytes of Computer Wizardry"
- 3:00 Break.
- 3:15 Concurrent sessions repeated.
- 8:30 "Some Enchanted Evening," President's Dance, Marriott Hotel.

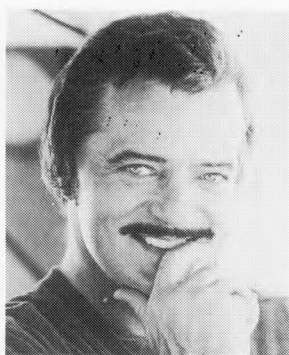
Tuesday, September 22

A.M.

- 7:00 Registration desk open.
- 7:00 Ag Breakfast.
 - Dean Kleckner, pres., American Farm Bureau Federation.
 - Baxter Black, cowboy poet.
- 8:00 Exhibit hall open.
- 9:00 Concurrent sessions.
 - "Don't Sell Your Bank Short"
 - "State-of-the-Art Approach to Loan Documentation Preparation"



T. DAVIS



R. GOULET

"With Opportunity Comes Responsibility—Guidelines to Home Equity Lending"
"Secrets of a Bankruptcy Fighter"

- 10:30 Break.
- 10:45 Concurrent sessions repeated.
- 11:30 50-Year Banker and Past Officer Luncheon, Savery Hotel.

P.M.

- 12:15 Lunch.
- 1:30 Democratic presidential candidates forum.
- 2:30 "What's Ahead for the Economy?" Louis Rukeyser, economist and host of "Wall Street Week."
- 4:30 Convention adjourns.
- 6:30 Inaugural Dinner and Show, Marriott Hotel.

Spouses' Program

Monday, September 21

A.M.

- 8:30 Opening Ceremony—General Session.
- 9:00 Paul McCracken—General Session.
- 10:00 Republican presidential candidate forum—General Session.
- Skywalk tour.
- 11:30 Younkers luncheon & style show.

P.M.

- 1:30 General Convention—Concurrent sessions.
- 2:00 Educational and craft workshops:
 - Pre-death/Financial Planning.
 - Jazzing Up Your Jewelry Box.
 - Kitchen Cover-ups.
 - Tone's Presents: Variety Is The Spice of Life.
- 3:00 Concurrent sessions repeated.
- 8:30 "Some Enchanted Evening"—President's Dance.

Tuesday, September 22

A.M.

- 7:00 Ag Breakfast.
- 9:00 General Convention—Concurrent sessions.
- 9:30 Brunch—Iowa Ballroom/Marriott Hotel—Tipper Gore.
- 10:45 Concurrent sessions repeated.

P.M.

- 1:00 Democratic presidential candidate forum.
- 2:30 Educational and craft workshops:
 - Rape Prevention.
 - Gourmet Goodies, Gadgets & Grounds.
 - Hats Off To The Hat Lady.
 - Busy Hands/Happy Heart.
- 2:30 Louis Rukeyser.
- 4:30 Spouse program grand prize drawing.
- 6:30 Inaugural Dinner and Show.

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You Will See Them at the 101st Annual Iowa Bankers Convention

THE 101ST annual convention of the Iowa Bankers Association will be held September 20-22 at the Des Moines Convention Center. Officers and representatives of larger banks from major banking centers in the Midwest will be attending the convention.

Following the list of bankers planning to attend is a list of personnel from investment, service and equipment firms registered for the convention.

Cedar Rapids

Merchants National Bank: Henry Royer, chairman and president; Robert S. DeWaay, executive vice president; Jerry N. Trudo, Terry M. Martin, Richard E. Retz, Dennis O. Earhart and Robert J. Louvar, vice presidents; Douglas R. Bass, correspondent banking officer; Andy B. Appleton, ag loan trainee.

Peoples Bank & Trust Co.: Kenneth A. Strother, senior vice president; Lawrence E. McGrath, senior

vice president and cashier; Peter B. Welch, senior vice president and senior trust officer; Margaret E. Billings, vice president.

Chicago

American National Bank: Peter S. Hilton, correspondent banking officer; Craig C. Grannon and Meg Gagliardo, second vice presidents.

Continental Bank: Robert C. Vasko, senior vice president; Zed S. Francis and Philip C. Adams, vice presidents; Mary K. Nihlean and James E. Honan, Jr., second vice presidents; David U. Drake, banking officer; Barry L. Bobrow, banking associate; Marybeth Jones, vice president, treasury and securities.

First National Bank of Chicago: Jack Clark and Clarence Cross, vice president; Dennis Duffy, corporate banking officer.

LaSalle National Bank: Delmar Rogers, Wayne Bismark, Rudy Frank and Peter McGuire, vice pres-

idents; Joel Warland, loan officer.

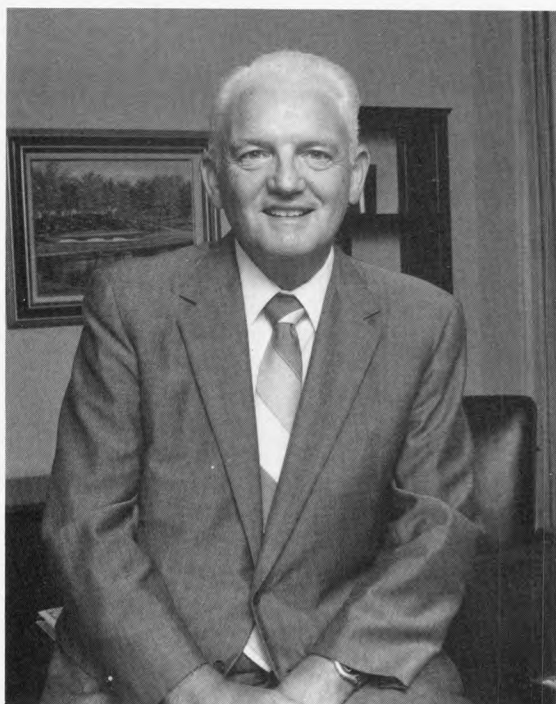
Davenport

Davenport Bank and Trust Co.: James K. Figge and Thomas K. Figge, office of the president; Richard R. Horst and Robert G. Lenertz, senior vice presidents; Michael A. Bauer and John W. Schricker, first vice presidents; Barry A. Richards, vice president; David C. Howell, correspondent banking officer.

Des Moines

Bankers Trust Company: John Ruan, chairman of executive committee; John Chrystal, chairman and CEO; Dennis R. Wood, president and COO; Thomas D. Smith, executive vice president; Larry Fro-wick, Ben G. Eilders and Joseph J. Bustin, senior vice presidents; Donald H. Jordahl, vice president; Steven D. Brewer, assistant vice president.

First Interstate Bank of Des Moines: Robert G. Millen, president; James W. Eiler, executive vice president; Randy P. Steig and William V. Mullins, vice presidents, Iowa division; Dean A. Roth, assistant vice president, investments; Joan A.



LEO F. KANE
Executive Vice President
Commercial and Correspondent Banking

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as it begins a second century
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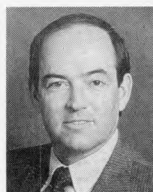
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"It is critical for the future of Iowa to develop alternative employment as the agricultural revolution continues. This will have the greatest impact on banking."

"Our state needs to diversify itself"

A NORTHWESTERN BANKER interview with
RUSSELL S. HOWARD
 Chairman
 Mahaska Investment Co.
 Oskaloosa, Ia.

AS A THIRD generation banker, Russell S. Howard has brought a solid background of bank management and demonstrated community leadership to his demanding job as president of the Iowa Bankers Association this past year. Mr. Howard took over the key post as IBA leader during the annual convention in Des Moines last September. He will conclude his duties by presiding at the annual convention in Des Moines this month.

Before assuming the IBA presidency, Russ Howard had been very active in the IBA. He served as treasurer in 1973-74, and two terms as chairman of the association legislative committee. He was in on the ground floor of electronic banking development in Iowa as a member of the Iowa-Nebraska Joint EFT Study Team in 1974. That study resulted in Iowa's unique electronic funds transfer system that formally became the Iowa Transfer System. He served as its first president from 1975-77, continuing on the ITS board until 1982.

With that background of association work, Russell S. Howard decided to devote another period of time to the important work of the Iowa Bankers Association, first as its president-elect in 1985-86, then as president in 1986-87. His combined years of IBA work gave him the necessary background to set some goals for IBA, as required of any association leader.

A Look Back

Reflecting on the rapidly passing scene of the past 12 months, Russ said: "I guess my overall assessment of this past year is positive with the exception that in my inaugural speech last September, I called for the IBA to take a leadership role in developing a strategic plan for the state that would lead us out of the economic crisis we are in. Although considerable work has been done and there are numerous groups working on the state's redevelopment, unfortunately the IBA is not at the forefront of these efforts. From a public

image standpoint alone, commercial bankers need to impress upon everyone our desire to see our state recover and that the people displaced from farming do not leave, but find employment. Our state needs to diversify itself so that we do not suffer so tremendously during future economic cycles."

The topic of statewide economic development is a critical one in Russ' mind and he stressed the point again by stating, "I will just re-emphasize that I think it is critical for the future of Iowa banking to be involved heavily in the redevelopment of Iowa, especially to diversify our state from a single industry and to develop alternative employment as the agricultural revolution continues. To me, this will have the greatest future impact on banking."

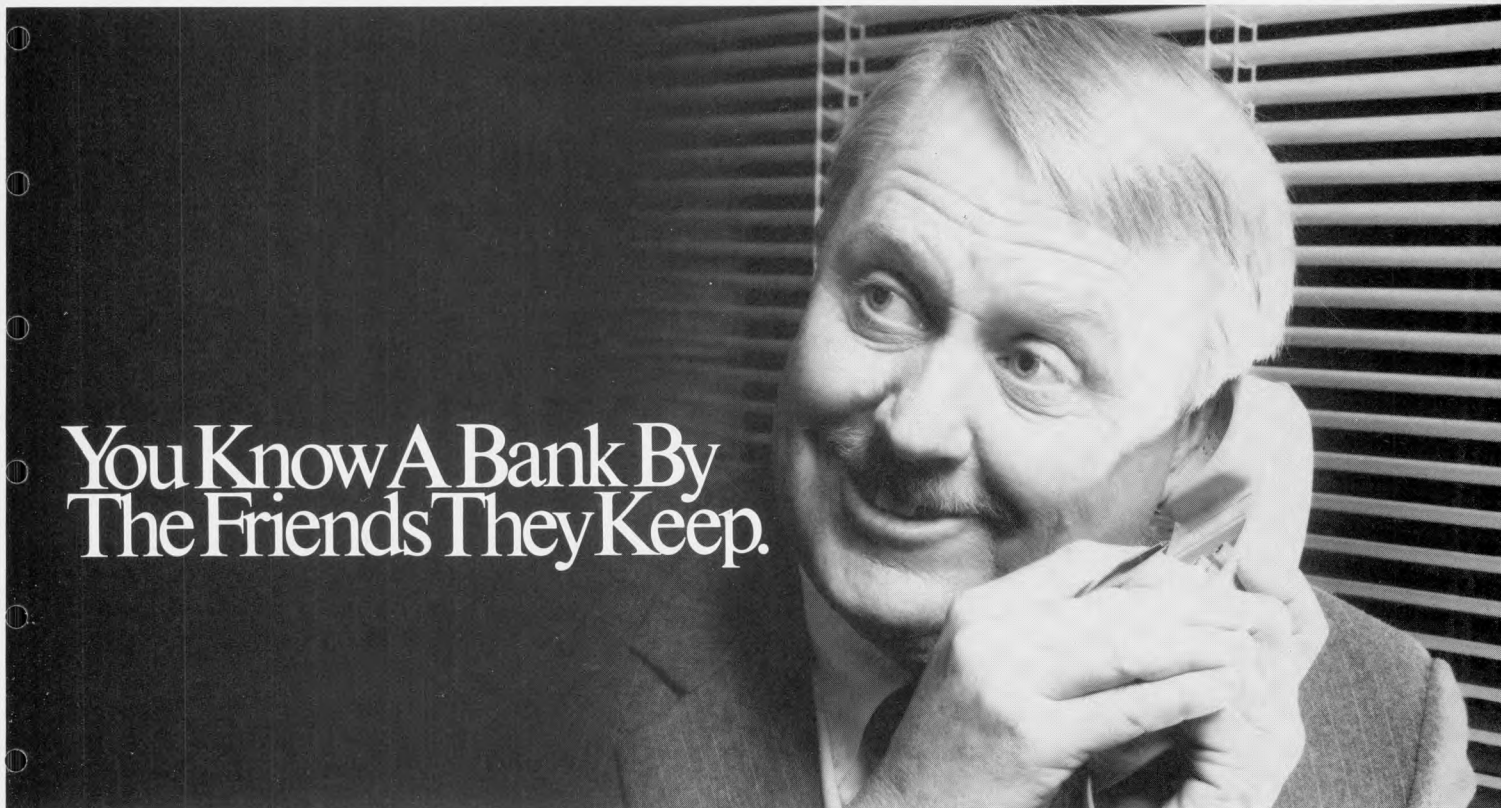
These strong feelings are in keeping with his economic development goal he urged consistently throughout the past year in every speech he made.

Personal Background

Russ Howard was born into a banking family March 5, 1931. His grandfather, Harry S. Howard, founded Mahaska County State Bank in 1883 and served as its managing officer from opening day until his retirement in 1934. He died in 1940 at the age of 86. His son, Russell S. Howard, Sr., who joined the bank in 1920, became managing officer in 1934. He was named chairman and president in 1945. He retired as president in 1969, when he was succeeded by his son, Russell S. Howard, Jr., but continued as chairman until his death in 1978 at the age of 86.

The younger Russell Howard was graduated from Dartmouth College at Hanover, N.H., in 1953, then completed graduate work at the University of Iowa. He joined the family bank at that time, then succeeded his father as president in 1969 and was also named chairman at the time of his father's death in 1978. He continues as chairman of the bank today, as well as chairman of the holding company, Mahaska Investment Company.

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Max J. Larson, President



Clockwise — Patty Stansbury, Gary Stevenson, Phyllis Foster, Ed Den Beste, Evey Thompson, Mark Paradise, Jan Foresee, Lon Kelling.

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"Bankers need to impress on everyone our desire to see our state recover and that farmers do not leave, but find employment."

Banker Volunteers Are Essential

Making the work of any association president easier is the dedicated work of so many IBA banker volunteers. Recalling the countless hours spent for IBA by fellow bankers, Russ said, "Membership involvement seems to be improving, and attendance at various meetings and seminars has increased by and large. All of our committees did an excellent job of developing their programs and seeing that they were implemented. They proved again their professionalism by their high quality committee accomplishments."

The area where bankers devote hundreds of volunteer hours in every association is legislation, and IBA is no exception. These past several years have been difficult ones for bankers everywhere, especially in legislative halls and, again, Iowa has not been an exception. Russ has devoted much time to this process during the past year as required of the president. In doing so, he has experienced again the agonizing truth about the legislative process and makes this observation:

A Legislative Review

"As with most legislative issues, we seem to be forced to take our programs in very small increments. We were unable to get the Double Jeopardy Law completely amended to allow central filing, but we did get some commitments from the leadership that it could probably be accomplished this coming year. The Tort Reform bill was a major step in potentially reducing the cost of liability insurance for banks. The tax bill was a major unrecognized accomplishment in that the state would have tremendous windfall taxes from banks if our tax laws had not been amended to tie into the new federal law. Iowa bankers should feel very good about the fact that our state is one of the few that allows expanded powers that are so much sought after on a national level."

The federal scene, as he relates, is more of the same: "On a national legislative basis, HR27 probably will have very little impact on Iowa banks. However, it is significant in that it does give us an indication of Congress' attitude toward commercial banking as a whole. Again, I guess we have to count our accomplishments in various small increments. Of much greater impact on rural banking will be the secondary market for ag real estate. With the tremendous decline in loan demand for most banks in Iowa, this new outlet could give us access to credit lines that presently are not available to us because of our inability to make long-



"Of much greater impact on banking (than HR27) will be the secondary market for ag real estate,"

term, fixed-rate farm loans. We are all aware that the Farm Credit System's long-term plans are to become the premier ag lender in the United States. We can ill afford to become competitively disadvantaged at this time."

Staff Function and IBA Future

The cement that holds together all of the banker volunteer involvement is the IBA staff. Each officer, committee chairman and committee member develops a greater understanding of and appreciation for the role of the full-time, professional staff when they become involved in association activities. Here is how Russ assesses the staff role and the long-term goals of the IBA.

"I think that the IBA has an excellent staff, one that is very dedicated and hard working. My experience as an officer is that our board needs to take a long look at what the IBA's function will be in the future. I would like to see a comprehensive long-term plan developed that would address what banking will look like in the future; where IBA can best serve its members by helping us cope with the tremendous changes that we will be going through. Whether we want to accept it or not, banking is changing rapidly and we small bankers need all the help we can get in learning to cope with this environment."



"I would like to see a comprehensive, long-term plan developed to address what banking will look like in the future."

"Perhaps a further way IBA can help its very small bank members is to develop the educational programs and tools needed to help the smallest banks cope with these constant changes and thus retain the vibrancy of our commercial banking system in rural communities."

IBA's Outside Relationships

The IBA maintains close working relationships with many groups. In addition to inviting the Iowa Independent Bankers to have a representative on the IBA board of directors, and having a decades-old close relationship with the American Bankers Association and its membership programs, the IBA maintains close contact with regulatory bodies—in Iowa, with regional federal officials and with their national offices in Washington, D.C. Russ points out that it was common several years ago for most banks to sense an adversarial position with the federal regulators especially, and their examiners. He has strong, positive feelings about the subject now, as he states:

"I attribute the soundness of our Iowa banking system to the quality of our regulatory bodies. We Iowa bankers all recall how diligently and persistently Tom Huston (Iowa superintendent of banking from September 1, 1975 to January 10, 1986) called for state-chartered banks to build and maintain high capital levels in order to withstand unforeseen shocks. *Because* of his persistence, Iowa banks built a capital/deposit ratio second to none in the nation—around 10%. As a result

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of this direct leadership by Tom, and notwithstanding the fact that two dozen Iowa banks failed in the past several years, many Iowa banks survived a bad loan loss period because they had that extra capital. It is now recognized by federal regulators and others that Iowa banking withstood the devastatingly bad farm economy of the past few years because of that high capital ratio he espoused.

"By comparison, banks in Texas were allowed to 'wheel and deal' and they are now suffering the consequences to a greater degree than Iowa did.

"Not only have both the FDIC and the OCC been rigorous in their enforcement in pursuit of the safety and soundness of our industry, but they now have a constructive approach aimed at helping banks improve their overall quality. It's refreshing that *all* of our regulators are doing more now to maintain integrity and professionalism not only in their own staffs but

within our industry."

Conclusion

The agricultural economy has not been kind to farmers, their community business and bankers the past several years. The role of the IBA and other state banker associations in the midwest became complex in that time—new legislative efforts and new types of programs were called for, all with tighter budget constraints that reflected the belt-tightening at all levels of the midwest economy. Leading the IBA through what, hopefully, may be the last of those "down economy" years has been difficult for Russ Howard and his fellow presidents of neighboring state associations. But, with the help of many dedicated, volunteer bankers and a responsive IBA staff, he has given his leadership to help launch IBA into its second century of service to its industry and the people of Iowa. □

Fetners Donate Land for Youth Camp

THANKS to the family of R. Scott Fetner, president and CEO of the National Bank of Waterloo, the Waterloo Boys-Girls Club will have a new camp.

Mr. Fetner and his wife Joann have donated 88 acres in Fayette County as the site for an educational camp. The largely underprivileged urban youth of the club will use the camp not only for outdoor enjoyment but also to develop their communications skills. Camp activities will emphasize development of reading, writing, speaking and listening skills.

The camp will consist of a lodge, three tent sites and recreational areas. Cost for the project will be about \$100,000, and a major gift by the Ray Sulentic family of Waterloo is among funds already raised. The

lodge should be ready for use this winter.

Meanwhile, Mr. Fetner was recently selected to receive the "Governor's Award" for outstanding volunteer service to the state of Iowa. He was presented with the award by Gov. Branstad at a ceremony in Cedar Rapids on May 29. Mr. Fetner had recently made a humanitarian trip to Honduras with the Iowa National Guard Medical Unit, and regularly supports the efforts of the Guard.

Kanawha Bank Closed

Farmers State Bank of Kanawha was closed July 30, and reopened as a branch of First National Bank of Clarion. "Mismanagement of the loan portfolio and poor loan selec-

tion" was cited by Banking Superintendent William Bernau as cause of the bank's failure.

It was the fifth Iowa bank to fail this year, and brought nationwide closings to 106, compared with 138 at this time last year.

First National paid a premium of \$226,200 to buy Farmers State. The Clarion bank will assume over \$4.4 million in assets, while the FDIC will take over the bank's loans, totalling roughly \$11 million. The FDIC will give the bank \$10.2 million.

The bank failure occurred while Farmers State president James Mallen was serving a 60-day sentence in Leavenworth, Kan. for making false statements to the FDIC. The charges related to more than \$400,000 in loans the bank made in 1981 and 1982 to four men who, like Mr. Mallen, had stakes in a limited partnership. He successfully fought an attempt by the FDIC to suspend him from the bank following the indictment last December, but he was ordered removed shortly after the verdict.

Retired in Grinnell

Helen Hargrave, vice president and assistant trust officer at Grinnell State Bank, has retired after 60 years with the bank. During her career, Mrs. Hargrave worked in all capacities and has been actively involved with the training of many employees. Her most recent responsibilities have included trust, real estate loan processing operations and personnel.

Mrs. Hargrave has been named honorary secretary of the bank's board of directors in recognition of her many years of service.



DISPLAYING plaques recognizing their contributions to the Waterloo Boys-Girls Club are, from left, **Scott** and **Joann Fetner** and **Anne** and **Ray Sulentic**.



Caroline Talen wore the special survival suit necessary in case of ditching into the frigid waters of the North Atlantic.

Bill Talen Flies Own Plane Across Atlantic to Munich Rotary Meeting

JUST 60 years after Charles Lindbergh made his historic, non-stop 3,600 mile solo flight in 33½ hours from New York City to Le Bourget Field in Paris, France on May 20-21, 1927, banker William Talen pointed his twin-engine Cessna Skymaster from Minnesota to Munich, Germany, this past June to attend the Rotary Club International convention.

Bill Talen, who was accompanied by his wife, Caroline, flew the same Atlantic Ocean as the famous Lindbergh, but by a safer, more extended route than the noted aviation pioneer. Bill flew in a group with six other planes, took six days and made 19 landings on the four-week, round-trip jaunt, 11 of them instrument landings in difficult weather. But, it was a feat few private pilots have achieved.

The Great Circle Route that took the small group of private planes across northern Canada, Greenland, Iceland, the Faroe Islands, Scotland, then on across England and to the continent, is a relatively lonely one. The route generally sees only four or five airplanes a day during the good flying months that last from May 1 to November 1, and most of those planes are being ferried abroad by professional pilots for delivery to European buyers.

"But the scenery was fantastic," Bill enthused, "especially because of the continuous summer daylight in that northern region, and it certainly added to our sense of security to

be able to see what we were flying over."

For further security on that part of the trip, Bill and Caroline donned survival suits in the unlikely event of having to ditch in the North Atlantic or the North Sea.

A highlight of the trip for WWII veteran Bill Talen came when they concluded a two-day stay on the island of Jersey in the English Channel. On June 6, the day of takeoff from Jersey, Bill's climbing pattern took him directly over Omaha Beach where Allied forces landed just 43 years earlier on June 6, 1944, to begin the invasion of Europe in WWII.



"FLYING Rotarian" Bill Talen's desk at the bank in Traer displays this model of his Cessna Skymaster.

After attending the Rotary International convention in Munich, the Talens visited other western European nations. In the course of that tour, they visited Dieter Krings, Mayor of Wallmerod, West Germany, and his wife, Ingabord, who have traveled extensively in this country, including several visits to Northfield. They also flew to Switzerland and Denmark, with one of their more harrowing, exciting instrument landings taking place in Denmark. They also visited Czechoslovakia, Poland and Hungary, but took a commercial airliner to those nations.

During their stay in Denmark, the Talens visited another old friend, Arne Nielsen, who is president of the \$65 million asset Hadsten Bank in Hadsten, Denmark. Bill says of his friend, Arne, "That guy is really enthusiastic! He runs an independent bank that makes over \$1 million a year in net profit. He really outdistances the branch of one of the giant banks in Denmark and has a real message for independent bankers."

On the return trip, after flying 12,000 miles and 58 air hours from the airport at Fairbault, Minn., near their home in Northfield, Minn., the Talens decided to conclude their personal flying jaunt at Reykjavik, Iceland, and they flew the rest of the way home to the Minneapolis airport on a commercial jet. A retired Air Force Colonel at the U.S. Air Base in Reykjavik flew their plane back to Minnesota for them.

Bill Talen is involved with banking in the states of Minnesota, Iowa and Wisconsin. He is owner, chairman and president of the \$45 million assets Farmers Savings Bank in Traer, Ia.; owner, chairman and president of the \$20 million assets First State Bank in Edgerton, Wis., and has family banking interests in both Rochester, Minn., and Menominee, Wis. □

Changes Told in Dubuque

At First National Bank of Dubuque, William H. Callahan has been appointed personal banking officer. He previously worked at Mera Bank and Associates Financial Services Corporation in Phoenix, Ariz.

Peggy Hudson has joined the bank as marketing assistant. She previously worked as production/promotion manager at KDUB and in advertising at Hartig's Drug in Dubuque.

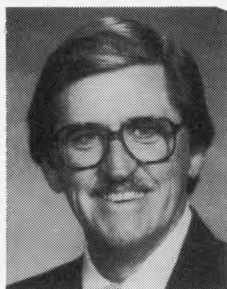
Group Chairmen Report Area Conditions

GROUP chairmen of the Iowa Bankers Association have submitted the following reports on farm and business conditions in their areas:

Group 1

James Miller, Pioneer Valley Savings Bank, Sergeant Bluff: When asked to comment about the current and future outlook of agriculture and business conditions of Group 1, I devised a survey that was mailed to a banker in each of the counties in Group 1. This report is a consolidation of those surveys and the thoughts of other bankers telephoned for additional input.

The most dramatic statements concerned the increase in land values. All respondents were of the opinion that land prices had stabilized and that prices were up. Current prices quoted ranged from



\$530.00 per acre for rather steep hilly unimproved farms to \$1,100.00 per acre for good production land. Most buyers are farmers who are paying the highest prices. Investors with local ties are also buying. The speculator seems to be absent from the market. Some respondents indicated that inventories of land for sale are diminishing rapidly; however, few believe that land prices will accelerate in the near future because of the relationship between net return and the farm program.

Cattle and hogs are making good money which in turn has fostered some expansion. It appears that producers are utilizing existing facilities by retaining gilts. With the high cost of feeder cattle, replacement has slowed considerably even with the lower cost of grain. The profits from livestock has helped many producers pay off old debt which in turn improves the attitude of their bankers.

Group 1 respondents expect one of the best crops ever from corn and soybeans. Adjectives such as very good, excellent and outstanding

were used to describe prospective crop yields. So far the crop year has been almost problem free, except for some spotty hail damage. Two bankers expect some storage problems. Others feel that because of PIK adequate storage is available.

When asked about the effect of payments from government programs, all bankers responded that loan demand was down. Borrowers have been able to pay current expenses from payments made by the farm program. What will happen as government payments taper off? Some respondents felt that loan demand would pick up. One was philosophical and said, "We will face that when the time comes and roll with the punches."

The general economy of the Group 1 area has improved particularly in the agriculture area. Many small businesses are struggling, but are improved over a year ago. The outlook then is good but with some pessimism. This is reflected in one banker's response: "Government withdrawal of farm price supports will trigger another major adjustment in the farm economy."

Group 2

Joe E. Hutchinson, Union State Bank, Rockwell City: (This report was prepared by Union State Bank's ag representative, Richard R. Bahls.)



Economic conditions in the Group 2 area have been mixed. While the agricultural sector has experienced a healthy rebound compared to their depressed condition 2 years ago, the business community continues to suffer.

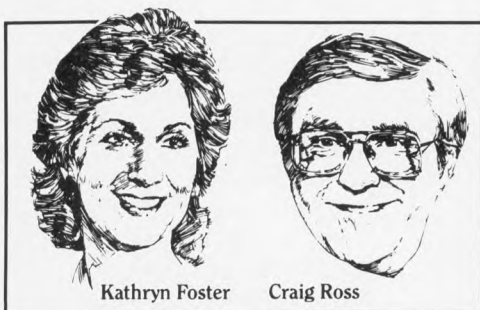
Farmers generally had a profitable year due to excellent crop yields, good livestock prices and low feed costs, and the income stability provided by the Farm Program. However, most farmers have used these profits to make an overdue reduction in their intermediate and long-term debts rather than to spend it in the small-town community. Some farmers have made some replacements or additions to their line of machinery that may have been overdue, but very little new



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machinery was purchased. The reduction in debt and a more cost-conscious attitude has laid the foundation for further recovery in the farming sector.

The larger shopping centers have experienced a moderate increase in business, but the businesses in the small-town majority of our area have not seen this increase. Consumers from rural areas seem to make an outing out of a shopping trip to the larger shopping centers. A few shops with the higher debt loads have closed, and a few store owners have closed their stores in favor of an earlier retirement or a better paying job elsewhere.

If the small-town stores could coax some of the local consumers back from the larger shopping centers, they may be able to begin making some progress. Disposable income in the area should improve slightly as the area farmers are looking forward to another excellent corn and soybean harvest. Profits in the livestock industry have also been the best in a few years and should continue for at least a few more months. However, without a reversal in the shopping center trend, small-town stores and more highly leveraged shops will continue to close.

As far as the farming community is concerned, most of the highly leveraged farmers should again be able to make their scheduled payments while the farmers with less debt could again make advance pay-

ments or use the extra cash to operate on next year. Farmers with very little debt and those with money in CD's, as well as investors convinced that land prices have hit bottom, have been responsible for slightly firmer land prices. Top farmland has been selling from \$1200 to \$1350 per acre. Real estate brokers say that they hardly have time to advertise a farm listing before an offer is made on a newly listed property. More stable land prices and the farm income stability provided by the Farm Program has also led to cash rental rates leveling off in the \$75 to \$85 per acre range for the better land. However, if the farm income supports provided by the Farm Program were substantially reduced, I would look for some renewed weakness in land prices and cash rental rates.

With about four weeks to go before harvest begins, yield prospects for corn appear to be 10 to 15% better than 1986 yields as many farms with the better land will average in the 155 to 165 bu. per acre range. Soybean yields may be held back by spotty stands this year, but excellent growing conditions has allowed the plants to set a good number of pods and we have plenty of moisture available to fill those pods. Yields should be about as good as last year's excellent yields with the better farms averaging in the 50 bu. per acre range.

The swine breeding herd in the area may have seen a small increase

(perhaps around 5%) in the past 12 months, with most of the increase coming in the custom hog feeding activity. With talk of lower hog prices in the next 12 months, expansion in the breeding herd will probably be minimal. The number of cattle feeders has increased as a result of the desire to feed the hay harvested from the set-aside acres. However, the total number of cattle on feed in our area has probably not increased that much because several of the more established cattle feeders have resisted the higher replacement prices being paid for feeder cattle in the past few months.

A few loans mainly for used equipment were made this past year, but most cash flows would not allow term loan payments of any major significance. Overall annual operating debt was down about 20% as a result of the reduced acres and the advance government payments that farmers used to cover part of their operating expenses or debts. Some banks offset this reduced loan demand by accepting new FmHA Subordination Loan customers that came in as a result of the cut in FmHA direct loan funds.

Group 4

James P. Lage, Citizens State Bank, Postville: We must assess the

agricultural and business conditions of our area with renewed optimism for several reasons. In visiting with bankers from Group 4, I found the morale improved and their attitudes better.



Does this mean that economic conditions have improved drastically? No, this means that we have witnessed some positive changes during the past year to compensate for the reversals we had been observing.

Livestock prices have contributed significantly to the positive changes we are experiencing. Hogs, during the past year, have once again become "mortgage burners." The hog/corn ratio is presently at one of the best levels that I can ever recall. The fed cattle market has been profitable during most of the past year. As a banker, I feel the urgency of contracting or hedging any replacement feeder cattle this fall. Because

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of the fat cattle market and the supply and demand for feeder cattle, the replacements appear too expensive to finance without a hedge or contract. The well-managed, efficient dairymen of our area continue to generate profitable operations, even with the government intervention.

Most of the crops in Northeast Iowa appear to have the potential for record yields. However, we have some localized areas in this eight county area that are suffering from inadequate moisture and, consequently, reducing crop yields. Crop prices appear below cost of production. Government payments have subsidized these enterprises and continue to show support to our grain farmers. Without the program, crop production loans would certainly be in jeopardy. Most of the crops in this area are maturing ahead of schedule and with the continuation of good weather conditions, should create an early harvest. Storage facilities appear very limited for the crop production of our area.

Land values in the area have stabilized during the past year. Good, productive land is attractive to buyers and commanding prices above the levels of the past couple of years. In some areas, prices are showing a 10% increase from the low side of values.

The agricultural economy does indeed create an impact on the main street businesses of Northeast Iowa. Main street businesses are adjusting inventories, collecting receivables and operating more efficiently—the depressed ag economy certainly forced these businessmen to be more competitive and better entrepreneurs. The increases in livestock prices have created a reduc-

tion in loan volume in most of the area banks. It appears that our customers are paying off their indebtedness and are reluctant to create new debts for capital improvements.

Agriculture is and will remain the lifeblood of our communities. The positive livestock prices, the prospects for an excellent crop, and the more positive attitude of main street businessmen, including bankers, have all helped to impart a much more optimistic economic attitude in our area. We hope it continues.

Group 5

Michael Guttta, Treynor State Bank, Treynor: Moisture and grow-

ing conditions have been reported good to excellent throughout the growing season across Southwest Iowa. Crop maturities are generally one and a half to two weeks ahead of schedule with an early harvest and exceptional yields expected.

Land sales throughout the area have been slow. Most areas report at least stable land sales prices with a few areas quoting land that was in the \$600-\$650 range last year, now selling for \$150-\$250/acre more. Marginal land continues at lower values with no recovery.

When area bankers were asked about the cash flow generated by farm program payments, comments included: "keeping us going," "our salvation," and "like a transfusion when you're dying." Obviously feel-



ings about the continuance of this program are strongly in favor, and when asked about the effects of the declining support provided by the program, most felt the scheduled decreases were manageable but a drastic cut in support prices would be disastrous. One observer stated there is "a long ways between the \$1.43 old crop price and \$2.50 production costs." A few area bankers thought the continual reduction in crop acres would affect crop prices, but a couple dissenters said world trade and set asides still would not make corn growing profitable without government subsidies.

The most enjoyable question in my interviews of area bankers addressed attitudes and local economic conditions. All bankers reported a very positive improvement in community (and banker) attitude. Several locations could report new industry, plant expansions, hospital expansions, research facilities, etc.

Specifically related to agriculture, one machinery dealer reported he was having his best year ever.

Again and again the prevailing attitude that came through was "we can make this work." The positive spirit and concern for the community is still present in our area's community banks.

Group 6

Jim Schipper, American State Bank, Osceola: Many banks in

Southern Iowa are now beginning to realize some results from the severe adjustments and changes that have occurred over the past few years. Although some of these results are not the most positive, we are beginning to notice some very encouraging signs of better opportunities in the future.

Many banks have found ways to reduce overhead and generate additional non-interest income, and, at the same time, have taken steps to reduce the risk of continuing loan losses. Consequently, many banks are beginning to enjoy significant improvement in net earnings, in spite of increased competition for deposits and soft demand for quality loans.



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Randy Steig
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Randy has 11 years experience as a bank examiner including responsibility as assistant superintendent. In addition, he served as vice president and executive director of the Iowa Banker's Association.

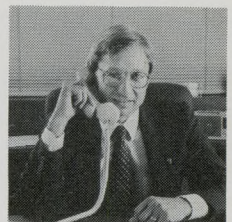
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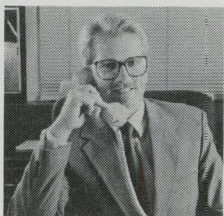
Bill Mullins
Vice President
(515) 245-7157

Bill has seven years experience as a bank examiner. For the past four years, he has effectively served Iowa banks' correspondent needs offered through First Interstate Bank.



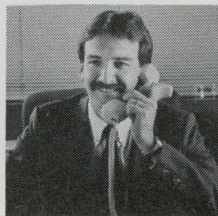
Ken Danilson
Vice President
(515) 245-7148

For 15 years, Ken has been intensely involved with agriculture-related banking, including 11 years managing a county seat bank ag department and four years managing our agriculture production and farm real estate lending service.



Stuart Becker
Commercial Banking Representative
(515) 245-7191

Stuart has 3 years experience in the correspondent and commercial/corporate areas.



Jeff Sims
Commercial Banking Officer
(515) 245-7262

Jeff has spent 3½ years as a bank examiner and most recently, 2 years in loan review with First Interstate of Iowa, Inc.



Lisa Ver Mulm
Administrative Assistant
(515) 245-7173

Lisa has intern experience in banking. Her background in this area will prove valuable in answering your questions.

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Agricultural credit seems to have established some stability, largely as a result of government payments from the feed grain program and the conservation reserve program. Virtually all grain producers are participating in the set aside program, even those farmers who have historically not participated. The CRP has been used extensively in Southern Iowa. Many counties have reached the 25% of eligible acres enrolled in the program with most bids near \$70/acre.

Adding to the improvement in the Southern Iowa economy are the prospects of another good crop this year. We are experiencing the third consecutive year of excellent growing conditions, hampered only by three weeks of extreme hot, dry weather in late July.

Continuing favorable livestock prices are also giving support to reasonable levels of net farm income. Feeder cattle raised locally have been selling \$10 to \$15/cwt higher than a year ago. Hog prices have also remained favorable.

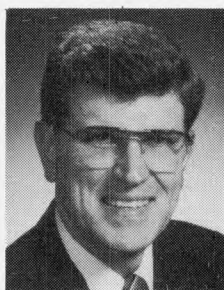
The banks in and around Des Moines also are experiencing improvement from a year ago, with some banks reporting record earnings for the first six month period. The Des Moines business activity is continuing at a healthy pace, causing extensive construction activity, both for residential and commercial purposes. There has also been a significant amount of real estate loan

refinancing this year as a result of declining interest rates. The high level of real estate loan activity has generated excellent fee income for those banks that have been active in real estate lending. Commercial lending has been unusually competitive in recent months, limiting profitability. Overall, however, the Des Moines banking market is strong, with prospects of good profitability in the future.

Group 7

Arnold Schultz, Grundy National Bank, Grundy Center: The attitude

of most farmers and agri businesses in our area can best be described with the words "guarded optimism." Last year was a good year for many farm families, especially those without debt levels. 1987 has the potential to be another good year. However, many of the fundamental problems facing the rural economy are still unresolved and there seems to be some skepticism concerning the future, in that the profitability now being enjoyed is primarily due to the government farm program. The amount of government farm program payments coupled with the fact that some of these payments



are being received sooner than income would be realized from sale of crops, has made a sizeable impact on the borrowing needs of farmers. Loan to deposit ratios are down from normal levels for most country banks and the lack of loan demand has also put downward pressure on interest margins. Many farm operators have improved their financial position because of farm program payments and improved earnings.

Net profit for the grain farmer is almost entirely dependent on the government farm program. Management practices that affect the bottom line have also changed because of the farm economic crises. For example, we are seeing better controls over crop input expenses and more pencil pushing to determine affordable cash rent payments.

Livestock operators are also benefiting from the government program, in that they get the double benefit of realizing a high price for their grain by using the government loan program and in addition have the advantage of cheap feed for their livestock feeding program. In our area, there is more interest in feeding cattle in 1987 when compared to recent years. Feeder costs have risen dramatically but with cheap feed inputs, projected breakeven levels have been mostly in the \$58 to \$62 range, which has allowed feeders to buy put options to eliminate the downside market risk in feeding.

Farm land values have rebounded 10 to 15% from the lows of 1986. Volume of land sales increased during the late winter and early spring and there appears to be continued interest in the purchase of good

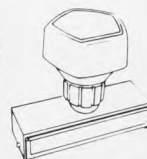
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farm land by those farm operators who are in excellent financial condition. This may present an opportunity for some that are still struggling with excessive debt to now sell land to reduce debt and ultimately be a survivor of the ag recession.

Main street businesses are also seeing improvement but it is a far cry from the "go go" days of the late seventies and early eighties. Controlling inventories, overhead expenses, and debt levels seem to be the main ingredients for success for the main street businessman.

In summary, the optimism of the current ag recovery is clouded by the uncertainty of trying to plan 3-5 years in the future without knowing the details of the future farm program. The fundamentals of many problems related to agriculture are still unresolved. As bankers, we still see those with excessive debt struggling to survive while his neighbor is experiencing an excellent return on his investment. But the most pleasant change of the past year has been the marked improvement in attitudes. On most days, it is again a pleasant experience to be recognized as a country banker.

Group 8

J. Robert Bunn, Community State Bank, Clarence: The extremely hot, dry weather has taken us from what we thought of in April as a turn upwards to now a very negative outlook for agriculture in our Group 8. As we took financial statements early in the year, we were very encouraged by the improvement in most of our borrowers' financial picture. We realized this was true because of the government program, but needless to say, it put money in the bank. Then as we planted the crop so early with plenty of sub moisture, it looked like another great year, with hog and cattle prices being very good and prospects for livestock prices to continue high most of 1987. The grains came up great in May and by June we thought we had really turned the corner. Then came July with 90 and 100 degree weather for far too many days, and the crop deteriorated by the hour. So with the short crop,



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most Group 8 banks are going to be hurt, some very bad. This will affect the business people as much as the farmers, so all in all things do not look too bright right now. Even before the short crop there were still farmers with too much debt to service, and there will continue to be many more problem lines facing us all. It will take several more years before we can even begin to get back to the "good old days" and we will never see those days if the government takes away the farm program that we have today. Sorry to be so pessimistic, but it is hard to be otherwise.

Group 11

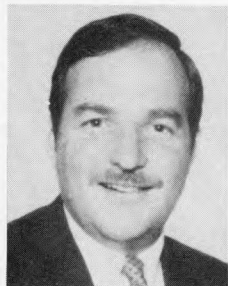
Daniel Doyle, Wellman Savings Bank, Wellman: It appears that the business and agricultural out-

look for the Group 11 area is improving. However, we have a long way to go before we see the improvement we all would like. Agricultural areas show a better level of profitability than do many non-ag commercial rural businesses. Although cash flow has increased dramatically, primarily due to better livestock prices as well as government dollars, this has not helped small town rural businesses enough to make them very profitable. If the ag economy continues on its present course, better cash flow will eventually revitalize our rural areas. However, with the number of farmers continuing to fall, the recovery will be limited until agriculture begins to attract new people.

Farmland prices in our area are approaching their low and some prices have actually rebounded. Property can, in some instances, be purchased and paid for from positive cash flow. More land is moving, but the cloud on the horizon here is the potential reduction in farm support payments which I think is inevitable given the present federal budget deficit.

In the more industrial areas of Group 11, reports are that the economy is greatly improved, particularly in manufacturing, with steady employment and even some new industry.

In summary, it appears condi-



tions in Group 11 are improving, both in the agricultural and commercial areas. Bank profits are expected to increase as we swallow our charge-offs and go back to profitability. However, we still need to deal with a monumental federal budget problem that threatens all of us in Group 11 and around the country.

Group 12

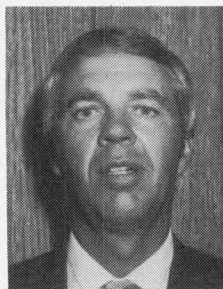
James L. Cuttall, George State Bank, George: Outlook from Group

12, which is Northwest Iowa, is all around pretty good. Rainfall, although somewhat spotty, has been adequate and in certain areas people have had those two to three inch soakers.

Hog and cattle customers have smiled all spring and summer as they bring in checks representing a decent return for their labor and investment. Feeder prices have jumped as farmers have harvested their set-aside acres and now are chomping at the bit to put something in the yard. Seventy-five cent 650 pound heifers are somewhat difficult to put the pencil to and make work. I question the rationale for the harvest of set-aside when the whole idea is to take corn acres out of production. I doubt if there will be much corn chopped this fall.

Corn and bean yields appear good, although not as good as last year. Two weeks of extreme temperatures have hurt the yields and the continued heat will cause further drop in yield and test weight. Customers are again talking bin construction and PIK premiums are at 110%.

Land prices appear to have bottomed out about a year ago in the \$1,000 per acre range and have returned to the \$1,200/\$1,300 area. A large portion of the land sales have been to cash buyers. These buyers like the land investment compared to the 6% Bank Certificate. Any further price increase would now depend on the government farm program. Loan demand has remained weak and there is no indication of any increase in demand. Main street merchants continue to struggle for survival.



ACROSS THE DESK...

(Continued from page 6)

it, then tore off the form, handed it to the teller and said, "Put that in Ben's account." With that, he merely turned to me, put his arm around my shoulder and said, "It's all taken care of. I really meant it when I told you to come see me if you need help. Good luck with your purchase." We shook hands and he returned to his office.

As I walked out the door I glanced up at that lobby clock again and it said 8:54 a.m. Those nine minutes changed my life because a banker like Ed Buckley believed in me and trusted me. Because he helped me at a critical juncture in my business life, I was able to complete the original partnership contract and then, some years later, to acquire total ownership of our firm.

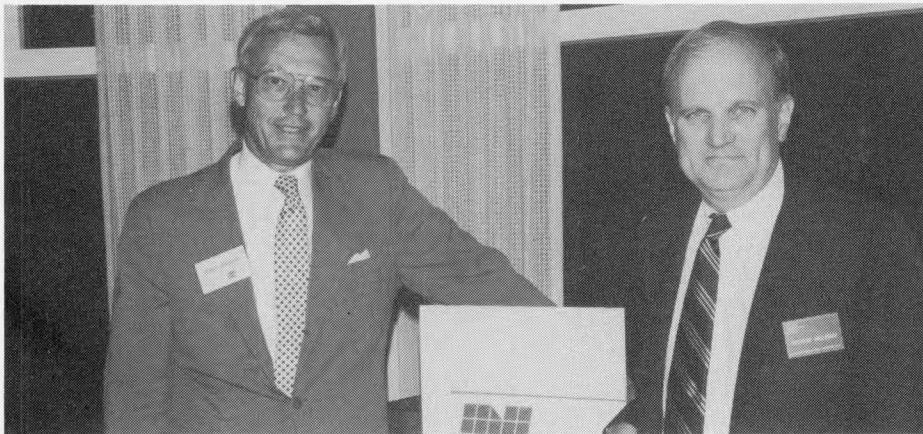
The last time I saw Ed was at dinner one evening about two years ago. On the spur of the moment I went over to his table and recalled the above story, which pleased him. Ed was in poor health and it was to be the last time I ever saw him.

Ed Buckley died a couple of months ago while I was away covering banker conventions and I didn't know about it until a friend told me later of his death.

I cried a little, because I had lost a good friend who cared about me. But, I was happy as well, for I knew that God who gives each of us special talents and asks only that we use them properly, must have been very pleased when he welcomed home Ed Buckley, who had used his talents so wisely and compassionately to assist others.

All I can wish for you, our readers, is that you may share the same joy and sense of fulfillment that belonged to Frank McDermott, Dan Monen and Ed Buckley. I thank them now for what they did for my parents, my family and me. I hope that each of you will have fond memories of the times you have truly helped people in your communities in time of critical need.

Ben Haller, Jr., Publisher



Lloyd Johnson (left), chmn., pres. & CEO of Norwest Corporation, Minneapolis, was welcomed to Des Moines Norwest meeting by **George F. Milligan**, chmn. & CEO of Norwest Bank Des Moines.

Norwest Board Meets in Des Moines

IN KEEPING with their tradition of holding meetings periodically in cities outside of Minneapolis, the Norwest Corporation board of directors traveled to Des Moines for a July 28 meeting. Lloyd P. Johnson, chairman, president and CEO of the corporation presided at the meeting.

Chief executives of Norwest affiliates in Des Moines co-hosted a reception and dinner party at Wakonda Country Club for the visiting Norwest Corporation directors, presidents of Norwest affiliates in Iowa, directors of Norwest Bank Des Moines, and a number of area civic and business leaders. George F. Milligan, chairman and CEO of Norwest Bank of Des Moines, N.A., and regional president for Iowa, extended a welcome to the visiting board and other guests on behalf of the Des Moines executives, who included H. Lynn Horak, president and COO of Norwest Bank Des Moines; Richard J. Brinkman, president of Norwest Financial, Inc., and Robert V. Gorsche, president of Norwest Mortgage, Inc.

Mr. Johnson addressed the group briefly before the dinner meeting was adjourned so the Minneapolis contingent could board planes for home. Mr. Johnson, a native of Minnesota and a graduate of Carleton College there, returned from a west coast bank executive post to head Norwest in March, 1985. He recalled that Norwest Corporation had its roots in Iowa when Northwestern Bancorporation was formed in 1929 and the First National Bank of Mason City was one of the first three banks forming the holding company. Des Moines and Sioux

City banks were incorporated a few years later. Norwest now has 50 banking and financial service offices in Iowa, he noted, including the state's largest bank and largest holding company.

Regarding future expansion, Mr. Johnson said, "We're awaiting approval for our purchase of Toy National Bank of Sioux City. While we have good coverage in Iowa now, it is no secret there are some places in which we'd like to acquire a position. There have been some bad times in Iowa, and typically, Iowans have not taken them sitting down, but are moving ahead. I refer to the biotechnology leadership at Iowa State University, the development of Des Moines, including a \$100 million investment in downtown. Des Moines is becoming a regional pool of data card specialists. Amoco is moving its entire credit card operation here, creating 200 more jobs."

Mr. Johnson continued, "But, there is one area that is not up-to-date and that is in bank structure for branch banking. This enables customers to deposit their funds anywhere, then move anywhere to use them; also, to do all their lending under one roof and at one time. We wouldn't have to file 11 SEC reports either, a savings we could pass along. It's not fair. There are so many advantages to having all our banks consolidated into one. We'll be back next year and try it."

Mr. Johnson recalled that 1986 was Norwest's second highest earnings year in history. "We took a \$126 million loss in the first six months of 1987," he reported, "after setting aside reserves against

foreign loan losses of \$240 million, a decision that met with very strong approval. Excluding that action, earnings were up, and strong earnings will reduce that loss to \$30 million by year-end."

He added that "non-performing loans in the domestic economy are dropping rapidly."

In closing, Mr. Johnson stated, "Like many other corporations, we've had to revise and change to remain successful. We have consolidated our back room operations for efficiency, and reduced layers of management between the customer and our top people. I'm proud of our 9,000 employees in the banking group—proud of them for the way they've adapted as we've become more market driven and market oriented."

In total, throughout the Norwest system, Mr. Johnson said the corporation has 900 locations in 44 states. □

Banks of Iowa Will Purchase Ames Bank

Banks of Iowa, Inc. and Great Midwest Financial, the parent company of United Bank and Trust, Ames, announced August 4 that they have agreed in principle that the bank will become affiliated with Banks of Iowa. Completion of the transaction is subject to approval of a definitive agreement by the board of directors of both companies and to approvals by various regulatory agencies.

At June 30, 1987, United Bank and Trust had assets of \$139 million, loans of \$72 million, deposits of \$121 million and capital of \$13 million. The bank is profitable, well capitalized and serves the prosperous central Iowa community of Ames which includes Iowa State University. Banks of Iowa, Inc. had previously announced its intent to take advantage of growth opportunities and expand its existing markets.

Banks of Iowa, Inc. is Iowa's largest statewide banking corporation with fourteen affiliate banks and a data processing company. At June 30, 1987 Banks of Iowa, Inc. had assets of \$2.2 billion, loans of \$1.1 billion, deposits of \$1.8 billion and capital of \$162 million.

Other area banks owned by Great Midwest Financial are not included in the Ames agreement.

IBA Convention Event Sponsors

ACS—Credit Bureaus of Iowa and Associated Credit Services, Inc.: Grand prize for inaugural dinner and show.

Dataplex: West Des Moines Dixieland Band for inaugural dinner and show.

Deluxe Check Printers: Flowers for registration area and exhibition hall stage.

Federated Investors, Inc: Co-sponsors for President's Dance.

Midwest Marketing Consultants, Inc: Co-sponsors for President's Dance, pictures for complimentary package at President's Dance.

Safeguard Business Systems: Flowers for registration area and exhibition hall stage.

Student Loan Marketing Association (Sallie Mae): Exhibit hall cocktail reception on Sunday evening.

Central Iowa BAI Elects Officers

The Central Iowa Chapter of the Bank Administration Institute has elected officers for 1987-88.

Elected president and CEO was Tom Quinlin, second vice president at Norwest Bank Des Moines. He succeeds Marie Vranich, vice president and cashier at East Des Moines National Bank.

Remaining as vice presidents are Don Fatka, vice president, City State Bank of Madrid, and John Walther, president, South Story Bank and Trust, Slater. Elected as new vice president is Joyce Buck, vice president, Central State Bank, State Center.

Directors elected are: Mike Wiskirchen, senior manager, Peat Marwick Mitchell, Des Moines; Dorothy L. Coffey, assistant cashier and accounting officer, Jasper County Savings Bank, Newton, and Larry Glass, senior vice president, marketing, First Interstate Information System of Iowa, Des Moines.

Elected to serve on the Planning Committee are: Craig Meyers, assistant vice president, Iowa State Bank, Des Moines; Jerry A. Young,

assistant vice president, Security Savings Bank, Marshalltown; John Seddon, vice president, First Interstate Bank of Urbandale, Des Moines, and Donna Fickes, cashier, Guthrie County State Bank, Guthrie Center.

Added in Waterloo

Dennis E. Egel has joined the staff of Peoples Bank and Trust Company of Waterloo as vice president and trust division head. He previously served as a trust officer at Waterloo Savings Bank, where he served for 11 years. He has also practiced law in Oelwein and was the assistant city attorney there.



D.E. EGEL



J. TACK

Jerry K. Tack has joined Peoples Bank and Trust as vice president in charge of commercial loans. Pre-

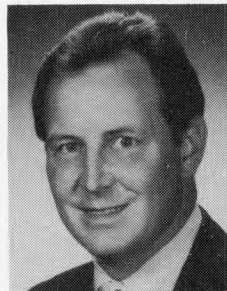
viously, Mr. Tack was a vice president at Hawkeye Bank and Trust in Mason City. He was also the capital lending officer at Norwest Bank and a lending officer at Farm Credit System in Mason City.

Added in Eldridge

Jim H. Olson has joined Central Trust and Savings Bank of Eldridge

as executive vice president. His most recent position was as assistant vice president in charge of loan review for the corporate office of Banks of Iowa, Inc., in Des Moines.

Central Trust became an affiliate of Banks of Iowa in June. Prior to joining B of I, in 1983, Mr. Olson served for five years with the Iowa Department of Banking as a bank examination analyst.



J.H. OLSON

50th Anniversary Observed in Worthington

The State Bank of Worthington celebrated its 50th anniversary on August 6 with a reception and dinner held in the Worthington Memorial Hall. Bank directors and staff hosted the event for bank customers.

Assets of the bank were \$84,323.70 when it opened on Aug. 7, 1937. As of Aug. 7, 1987, they stood at \$14,118,444.51.

Honored on the anniversary were the following bank employees: Olan F. Tegeler, president and CEO, 50 years in banking; Verla Sue Tegeler, vice president, 25 years; Alan J. Tegeler, vice president and cashier, 21 years; Sue R. Burger, operations officer, 20 years, and Joyce M. Dudley, teller, five years.

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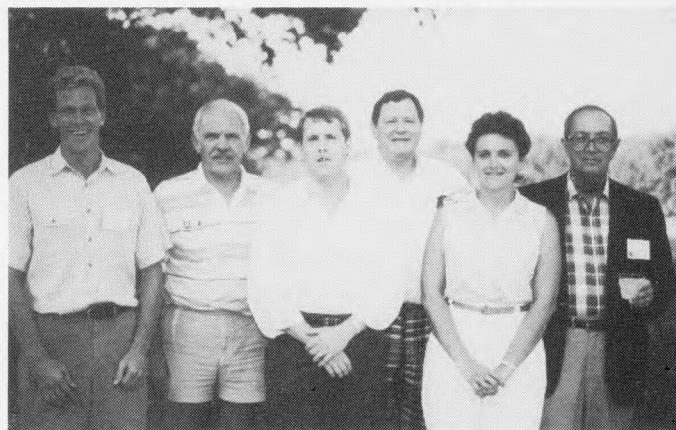
Jean Eden
515-276-1151



Sandi Garner
515-832-1258 T/W/F
276-1253 M/TH

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● United Missouri Hosts Investment Seminar for Iowans



United Missouri Bank, Kansas City, held its 5th Annual Iowa Investment Seminar in Des Moines recently at the Wakonda Country Club. Taking part in the one day seminar were, from left: **Larry Russell**, exec. v.p.; **Sean Doherty**, inv. off.; **Alan Sack**, inv. off.; **Janet Kelley**, v.p.; **Jeff Goble**, v.p.; **Mark Bailey**, a.v.p.; **Dick Muir**, v.p.; **Andy Trovillion**, inv. repr.; **Lyle Wells, Jr.**, vice chmn.; **Becky Herman**, inv. acct. off. and **Hal Hollister**, exec. v.p.

The seminar included golf, an investment program and a social hour followed by dinner and awards. The investment program included key insights on mortgaged backed securities, alternative bank investments, bank investment strategies and an economic outlook. **Chuck Orr**, partner, McGladrey, Hendrickson & Pullen, CPA's, gave a bank tax update. Mr. Russell, who gave the introductions, called the investment seminar "an informal day to reflect on ideas and to give investment strategies through a hard hitting program."

● Brandt Appoints Manager

Brandt, Inc. has recently announced the appointment of James O. Grimes as its authorized district manager for the entire state of Iowa.

Mr. Grimes, president of Money Handling Machines, Inc., has been the authorized Brandt representative and doing business in western Iowa since 1953. His organization brings a wealth of experience to the banks of eastern Iowa. Specific sales and service personnel have been assigned to cover eastern Iowa banks.

Service points will be at Davenport, Des Moines and Waverly. The

two salesmen covering the counties east of Des Moines will be Herbert Duysen and Dennis Steele.

IBA to Offer Documentation Seminar

In an effort to keep bankers up-to-date on the most recent documentation issues, the Iowa Bankers Association is sponsoring "Loan Documentation and Analysis of Article Nine of the Uniform Commercial Code." The one-day seminar will be held October 7 at the Savary Hotel

in Des Moines.

Seminar leader John Moye, a senior partner in the Denver law firm Moye, Giles, O'Keefe, Vermeire and Gorrell, is a national recognized expert on the UCC.

Registration is at 7:45 a.m. and the seminar runs from 8:30 to 4:15. Fee is \$120 for IBA members, \$150 for subscribers and \$180 for non-members, with \$15 additional after Sept. 25. The fee includes manual, continental breakfast, lunch, breaks and materials. For more information contact Barb Lowe at the IBA office.

Luana Savings Bank Is Expanding

LARRY Riveland, president and CEO of the Luana Savings Bank, has announced that construction has started on a major remodeling program. Expanding to the east, the bank will have over 3,550 square

feet when the project is completed to better serve its customers.

The full service facility will maintain the drive-up on the west and will have four private offices and two conference rooms. A revised tel-

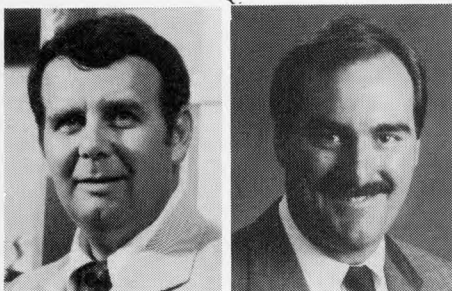
ler counter with a sit down station will provide additional work area for the tellers. Private coupon booths for safety deposit inventories will be located close to the vault. The expanded facility provides additional space for storage, bookkeeping and a larger lobby area in addition to the private offices. A basement under the addition will contain much needed storage space and double the size of the bank's present Community Room. The exterior appearance of the building will be enhanced by a new roof line that encompasses both the original and new structure.

The Kirk Gross Company, Iowa's largest specialist in the design and development of financial institutions, is in charge of the project and will utilize local trades where possible. Barring unforeseen delays, the project should take six to seven months, Mr. Riveland said.



Gerald Gross Named Chairman, Robert Buckley President at Kirk Gross Co.

GERALD L. Gross, president of Kirk Gross Company of Waterloo since 1971, announced recently that he has assumed the duties of chairman of the board and Robert T. Buckley has been elected president and managing officer of the company. Mr. Buckley has been with the firm since 1979 and has held positions of sales representative and sales manager.



G.L. GROSS

R.T. BUCKLEY

Mr. Gross said this move, which was effective July 1, provides Kirk Gross Company with continuing experienced management, while giving him more personal time to develop further his Kirk Gross Company bank building and remodeling business in Florida, which has expanded greatly in the past year.

Mr. Buckley said, "We're committed to expanding the business and providing the same quality service and careful attention to detail that has made Kirk Gross Company a leader for the past 51 years. We're a company old in experience and young in enthusiasm, and that's a winning combination."

Mr. Gross echoed his sentiments and added, "The philosophy at Kirk Gross Company has always been to emphasize service and do what we say we're going to do. This service starts with the initial contact and continues until every last detail is completed. Under Bob Buckley's leadership, this same philosophy and commitment to service will continue."

Kirk Gross Company is the largest full service turn-key firm in Iowa, having built or remodeled more than 290 financial institutions in the state. Its greatly expanded list of projects for 1987 over 1986 emphasizes the strong economic recovery experienced in Iowa banking in the past year. Mr. Buckley said

Kirk Gross has completed or has under construction 14 projects already this year, with another half-dozen on the drawing board at the end of July.

These include a just completed new branch building at New Hartford for the Iowa Savings Bank of Dike. Open house was held in the New Hartford building on August 18. One of the major remodeling jobs completed this year was the extensive work done by Kirk Gross Company for First National Bank of Dubuque. In addition, all the architecture and design for the beautifully done Depot Office of Midway Bank and Trust in Cedar Falls (featured in the August issue) was performed by Kirk Gross professionals. A major remodeling for the Gilbertville office of the National Bank of Waterloo also was completed in recent months.

Six jobs in progress for architect, design or remodeling work are: major remodeling for Security Bank & Trust in Decorah; renovation in Grundy Center for Grundy National's main building and also the bank building it obtained through the recent acquisition of Hawkeye Bank there; remodeling and expansion for Luana Savings Bank; remodeling and new addition for Community Savings Bank in Edgewood, with groundbreaking September 1; interior design and remodeling for United State Bank in Cedar Rapids, and interior design and remodeling for Farmers Savings Bank in Traer.

IBA Sponsors Consumer Bankers Conference

"A Harvest of Consumer Products," a conference sponsored by the IBA, will be offered on Oct. 13 and 14 at the University Park Holiday Inn in West Des Moines. The meeting will address new developments in the lending field and offer successful techniques for selling new products and services.

A highlight of the gathering will be an Octoberfest celebration at Living History Farms. Beer and brats, a polka band, hayrides and a chance to see the Walnut Hill bank make up the festivities.

Registration is \$150 for members,

\$190 for subscribers and \$225 for non-members before Oct. 2. After that date, fee is \$20 additional.

The agenda is as follows:

Tuesday, Oct. 13

A.M.

- 8:00 Registration/continental breakfast.
- 9:00 "Home Equity Lending: The Second Phase," Michael Moebs, pres., Moebs Services, Lincolnwood, Ill.
- 11:50 "Competing with the Auto Lending Market," Michael Moebs.

P.M.

- 12:00 Luncheon with Chuck "Iowa Boy" Offenburger.
- 1:30 "Major Issues in Consumer Compliance."
- 2:30 Roundtable discussions.
- 3:45 "The Role of Bankers in Improving the Bankruptcy System," Richard Stageman, of counsel, Davis, Hockenberg law firm, Des Moines.
- 6:00 Octoberfest.

Wednesday, Oct. 14

A.M.

- 8:30 Continental breakfast.
- 9:00 Concurrent sessions:
 1. "Building a More Effective Sales Team," John Pratt, Pratt and Assoc., Lakewood, Colo.
 2. "The Dos and Don'ts of Property Management," John Leavengood, Des Moines.
 3. "Non-Interest Income: Panacea and Peril," William F. Staats, prof. of banking, Louisiana State U., Baton Rouge, La.
- 10:45 Concurrent sessions repeated.

P.M.

- 12:00 Luncheon with Jim Gibbons, wrestling coach, Iowa State U.
- 1:30 "Getting the Ear of Top Management," William Staats.
- 3:00 Adjourn. □

Appointed in Clinton

Clinton National Bank has announced the appointment of Chris E. Fenimore as vice president and trust officer. He joins the bank after serving as vice president and senior trust officer of the American National Bank in Omaha.



Des Moines

First Interstate Bank has announced the following personnel changes:

Richard L. Reis has joined the bank as senior vice president, retail banking. He previously served Northwest Corporation, Minneapolis, as vice president, consumer asset manager.

Dale Klauss was promoted to manager of the Ingersoll office. He joined the bank in 1970 and most recently served as manager of metro retail banking.

Maggie Hoogerheide was advanced to vice president and manager, personal trust division. She joined First Interstate in 1985 as a trust officer. She also serves as vice president of the Estate Planners Forum.

Larry Cobb was promoted to vice president and manager of trust investments and operations. He joined the bank in 1983.

Jeffrey A. Simms was elected commercial banking officer in the Iowa division. He was previously a loan review officer for First Interstate of Iowa, Inc.

Jo Lynn Gilchrist has joined the bank as a corporate trust officer. She will manage the employee benefit and corporate trust areas of the trust division. She previously was employed by Ernst & Whinney, where she was a tax consultant.

Steven J. Augspurger, **Craig E. Strutzel** and **Richard B. Fisher** are new loan review officers for the bank. Mr. Augspurger joined First Interstate in 1984 and most recently

served in the retail lending division. Mr. Strutzel was previously an examiner with the Department of Bank. Mr. Fisher formerly served as an examiner with the FDIC.

* * *

Donald R. Runger, president of Hawkeye Bank & Trust of Des Moines, has announced the election of **Steven G. Patterson** as executive vice president and chief operating officer. He will also serve on the board of directors. Mr. Patterson most recently was president and CEO of Citizens National Bank of Boone.



S.G. PATTERSON

Mr. Patterson began his banking career with First Federal State Bank of Des Moines, then became executive vice president of Hawkeye Bank & Trust of Sioux City. After serving in this capacity for four and a half years, he became president of the First National Bank of Sibley. He then moved to Boone.

Carol T. Stone has been elected vice president and trust operations officer of the bank.

Darrell Hughes was promoted to vice president and senior loan officer, and **Steve Anderson** to assistant vice president and consumer loan officer. Other new officers elected include **Brenda Hansel**, assistant manager, Hickman office, and **Jessica L. Rubes**, assistant accounting officer.

* * *

Edwin F. Buckley, 91, died recently in Des Moines after a lengthy illness. Mr. Buckley had been a Des Moines banker for 53 years.

He was born in Des Moines in 1895. He started his banking career in March, 1914, as a messenger for the old German Savings Bank. He was with the Reconstruction Finance Corporation in the Chicago office for a short time in the early 1930s, and also held positions with the Des Moines National Bank and its successor, Iowa-Des Moines National Bank, before joining the Central National Bank (now First Interstate Bank) in 1935.

Mr. Buckley was elected president of Central National in 1941, and then was moved to chairman in 1962. He retired as chairman and a member of the board in January, 1967, at the age of 71.



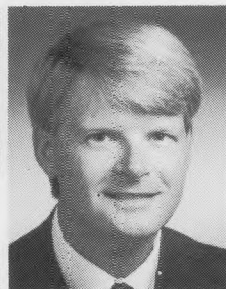
R.L. REIS



D. KLAUSS



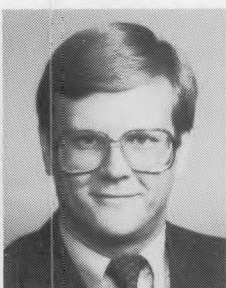
M.A. HOOGERHEIDE



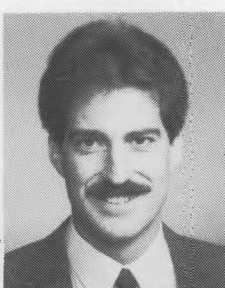
L. COBB



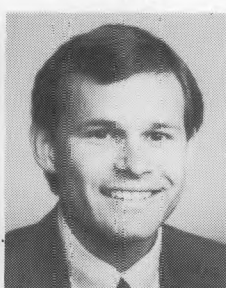
J.L. GILCHRIST



S.J. AUGSPURGER



C.E. STRUTZEL



R.B. FISHER

NEW TOOLS...

(Continued from page 21)

dards for loans sold, and guarantee to investors the safety of their investment.

Local banks originating loans to a pooler would have to contribute to a 10% reserve to stand behind each pool of loans. That local bank's contribution would be accessed to cover losses before any other pool member's reserve is accessed. The contribution of the 10% reserve is a matter of contractual arrangement between local lender and the pooler and may be decided by any agreed upon method.

The pooler would submit a pool of loans to FAMC for its guarantee and FAMC would collect a fee for an additional reserve pool to be used in the event the individual pooler's 10% reserve should be exhausted. Only if the FAMC reserve is exhausted would the \$1.5 billion line of credit from the U.S. Treasury be used by FAMC. This Treasury guarantee should allow the FAMC guaranteed securities to sell competitively in the market.

As ABA and IBAA stressed, allowing banks to participate in a solid secondary market means that, for the

first time in many years, the local bank may offer its professional farm customers *complete* lines of credit, both long-term real estate and shorter-term production and equipment loans, restoring community banks' vitality as one-stop lenders.

There will no doubt be a fight when Congress takes up HR 3030 in the days ahead, for FCS undoubtedly wants to expand its role to take as much business away from the private sector in long-term and short-term lending as possible. The involvement of *every* community bank in the nation will be vital to winning this one in the Congress. □

* * *

In addition to the special agricultural articles readers will find in this issue, two additional, important ones will be featured in the October issue. One is a survey among a group of leading ag bankers on where agriculture and ag lending is headed in the future. The other relates how the Iowa FmHA/Banker Advisory Board, the first ever in the nation, is helping bring understanding and harmony between the two groups, and how USDA plans to expand the concept to other states.

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Joins West Bank

Ronald H. Bishop has joined West Des Moines State Bank as a first vice president in the lending area, working with commercial and consumer loans. His extensive banking experience includes, most recently, employment at Bankers Trust Company as vice president—commercial loans. Prior to that he was with a Chicago bank.



R.H. BISHOP



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As Bankers, We've Never Had So Much To Talk About.



Top row: George Milligan, H. Lynn Horak, John Rigler, Dick Pedersen.
Bottom row: Mark Conway, Tom Quinlin, John Cretzmeyer, Jay Nichols, Dorothea Wolfe.

Iowa Bankers Convention
September 20-22, 1987
Des Moines Convention Center

The winds of change are blowing—in the economy, in agriculture, and most certainly in banking.

We've never had more pressing reasons to get together, discuss these changes, and listen to some expert opinions on topics vitally important to our business future.

All of us from Norwest Bank Des Moines

will be there. We look forward to seeing you and hope you'll pay a visit to our bank while you're in Des Moines.

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