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ON THE COVER

Admiring the main reception area in the new headquarters for Minnesota Bankers Association in the new Peavey Building in downtown Minneapolis are these MBA officials, from left to right: **Gerald M. Kanne**, District 5 board member and chief admin. officer/commercial banking for Norwest Bank Minnesota, N.A., Minneapolis; **Truman L. Jeffers**, exec. v.p. MBA; **Michael L. Lillehaugen**, District 7 board member and pres. of Community State Bank, Alexandria; (in foreground) **A. William Sands**, first v.p. MBA and chmn. of Western Bank, St. Paul, and **James R. Jorstad**, pres. MBA and pres. of Minnesota Bank, N.A., Caledonia. Story is on page 6.

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NORTHWESTERN BANKER

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Memo to Readers...

Two military veterans organizations have asked for our assistance in locating former members of their units from World War II. Information concerning both appears below. If other readers are seeking, or wish to transmit, information concerning other units from WWII, the Korean or Vietnam wars (we call them *all wars!*) please contact us and we will do our best to find space for brief announcements.

— Ben Haller, Jr., Publisher

376th Heavy Bombardment Group

A history of this highly-decorated unit, the first American Air Corps planes to bomb Europe, is being written by Jim Walker, 1025 N. 73rd Place, Scottsdale, Ariz. 85257 (602/945-6207). A reunion of the 376th has been scheduled for Colorado Springs in June. If you were a member of the 376th in Africa or Italy, please contact Mr. Walker or Ben Haller, Jr., Publisher Northwestern Banker, 1535 Linden St. #201, Des Moines, Ia. 50309 (515/244-8163). Mr. Walker would like to include the names of all personnel who served with the 376th, and receive as many anecdotes, copies of diaries, photos, etc., as former unit members can furnish.

17th Airborne

The 17th Airborne Division Association, (Thunder from Heaven), composed of men who served as paratroopers and glidermen in the Division during World War II, is conducting a membership drive to locate all former members, including Gold Star mothers and family members of those who were killed in action. If you served with this Division, please contact Edward J. Siergiej, Secretary-Treasurer, 62 Forty Acre Mountain Road, Danbury, Connecticut 06811, for details of the Division Association, as well as information about the 35th Annual Reunion which will be held this year at the Radisson Hotel, St. Paul, Minnesota on August 3-7, 1988.

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Farmer Mac Interim Board Appointed

NAMES of the persons who will serve on the interim board of directors of the Federal Agricultural Mortgage Corporation were announced by President Reagan last month. The new organization, popularly known as "Farmer Mac," was authorized in December, 1987 by Congress as part of the Farm Credit System rescue bill. It was signed into law January 6, 1988 by the President. The purpose of the new corporation is to provide a secondary market for agricultural real estate and rural housing loans.

The interim board's duties are two-fold. The first is to oversee the sale of \$20 million in stock in two classes to fund the secondary market. Class A stock will be purchased by private sector financial institutions such as banks and life insurance companies. Class B stock will be held solely by Farm Credit System institutions. The second duty of the interim board will be to arrange for the selection of a 15-member permanent board which will oversee the actual startup and continued operation of the new ag secondary market.

The law requires the President to select three interim board members from among FCS institutions, three from private sector financial institutions and three from the general public. The permanent 15-person board will be selected in the same ratio—five, five and five. The chairmen of the interim board and the permanent board are to be named from among the general public selections made by the President.

The three financial institution appointees to the interim board by President Reagan are:

- Randall A. Killebrew, president since 1974 of the First National Bank of Petersburg, Ill. Mr. Killebrew was chairman of the ABA and IBAA Special Task Force for Agricultural Credit which focused on the Farmer Mac concept as a top ABA priority two years ago. He is also a nominee to serve on the ABA board of directors for a three-year term beginning in October, 1988. Mr. Killebrew was vice chairman of the ABA Government Relations Council and is a past chairman of the ABA Community Bankers Council.

- Thomas H. Olson, president since 1973 of the Lisco State Bank

in Lisco, Neb. Mr. Olson is the immediate past president of the Independent Bankers Association and now chairman of its board of directors. Mr. Olson also served a key role on the ABA and IBAA Task Force for Agricultural Credit and, like Mr. Killebrew, has testified on that subject and a number of others before Congressional committees in recent years. He also is currently chairman of IBAA's Federal Legislative Committee and is a past chairman of its Agricultural Rural Committee.

- Leslie G. Horsager, vice president since 1985 of Prudential Investment Corporation and head of

ON THE COVER

THE Minnesota Bankers Association moved its offices on April 22 to 700 Peavey Building in downtown Minneapolis (55402). MBA Executive Vice President Truman L. Jeffers said the new quarters will provide additional space to accommodate substantial growth in member services for Minnesota banks.

Changes in recent years include the incorporation of the MBA Insurance Agency, which provides BancInsure and other property and casualty insurance products, and the MBA Enterprise Network, which provides resources to bankers in the area of economic development. MBA's educational programs also have increased dramatically, which required additional staff, Mr. Jeffers noted.

The Association office needs were studied by a special task force, and the move was approved in late 1987 by the MBA board of directors.

The new office space is approximately 40% larger than the old office at 332 Baker Building. Because of increased demand for materials and information, production facilities in the new office are larger than before. A large meeting room for committees and a banking library also are available to member banks.

According to MBA Vice President-Administration Wayne Berthiaume, who headed the moving team, "the move was accomplished with no interruption in programs, and the staff now can provide an even higher level of quality service to MBA member banks."

the Prudential Agricultural Investments Group in Sea Bright, N.J.

The other six appointees are:

- John R. Dahl, a rancher with the Dahl Land & Cattle Company in Gackle, N.D. The President appointed Mr. Dahl as chairperson of the interim board.

- Edward Charles Williamson, Jr., since 1978 manager, director and vice president of J.L. Adams Farms in Camilla, Ga.

- B. Dale Harrison, chairman since January, 1988, of the Fourth Farm Credit District Board in Easton, Oh. He is also a farmer.

- James A. Pierson, president and CEO since 1987 of Farm Credit Banks of Springfield in Agawam, Mass.

- Donald R. Rogge, president since 1986 of Federal Land Bank of Texas in Austin, Tex.

- George Benston, professor of finance, Emory University, Atlanta, Ga.

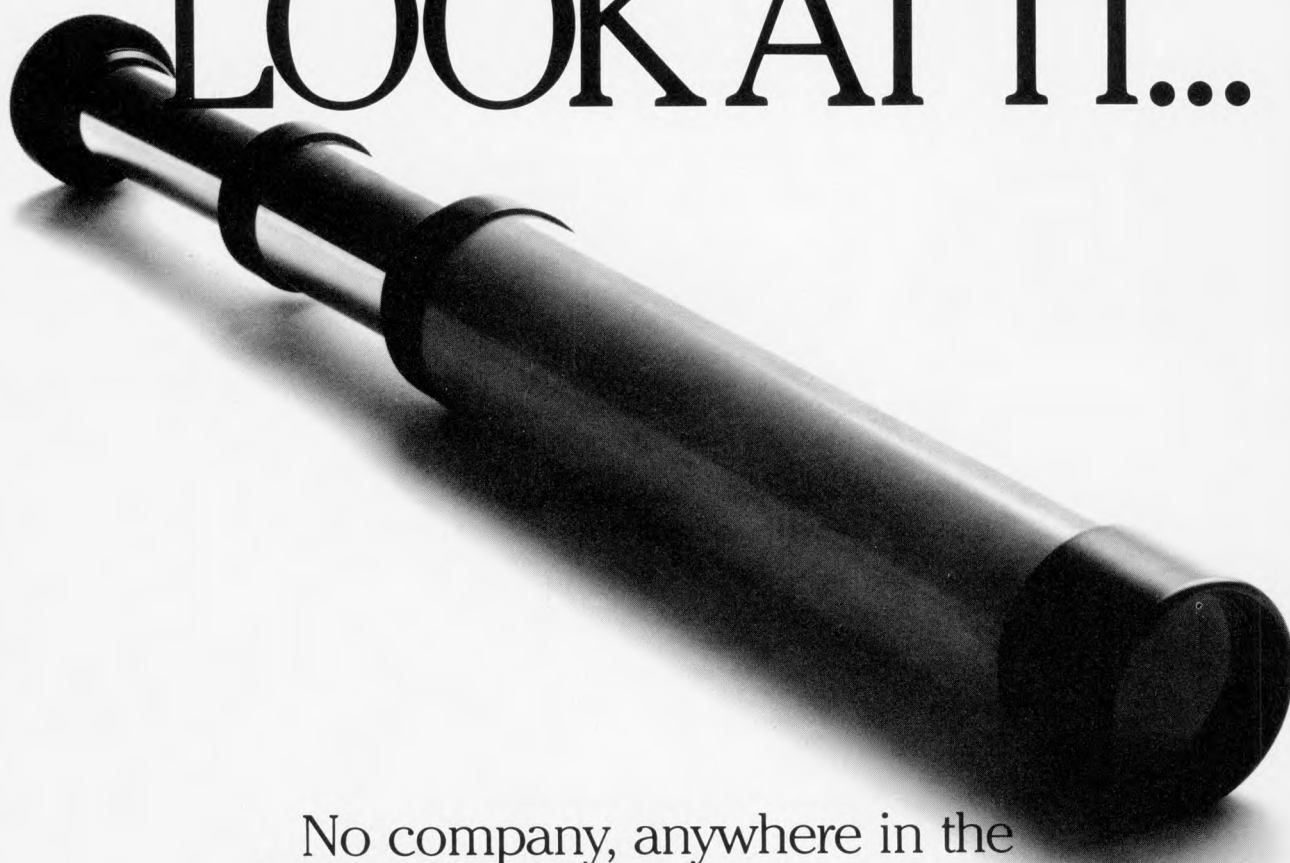
FDIC Proposes Joint Exams with State Visits

Federal Deposit Insurance Corporation Chairman L. William Seidman told the Conference of State Bank Supervisors recently that broader acceptance and use of state bank examinations would build upon existing cooperative programs while helping the FDIC achieve its goal of more frequent on-site examinations of institutions demonstrating deteriorating trends.

"Our goal is to conduct on-site examinations of all state nonmember banks rated 3, 4 and 5 at least annually, and 1 and 2 rated banks at least every two years. As it relates to 1, 2 and 3 rated banks, our proposal would envision treating many examinations conducted by state examiners as our own," Mr. Seidman said. "Where state examinations are accepted as our own, FDIC presence in these banks for full-scope examinations would be delayed."

Mr. Seidman estimated that reliance on state examinations could extend the period between full scope FDIC examinations up to two years for 1 and 2 rated banks, and an additional one year for 3 rated institutions. The specific arrangements would depend upon examination schedules developed jointly by each state and the appropriate FDIC examination personnel.

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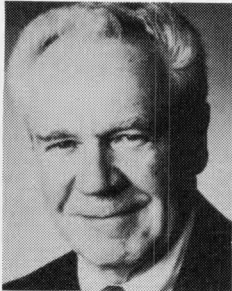
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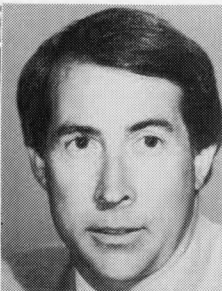
All other states 800-328-9117.

BMA Elects Officers

The Bank Marketing Association announced last month the selection of its 1988-89 leadership team, including the election of five new directors who will assume office on July 1.



G.P. WARREN



D.A. THIBODEAU



J.A. HEALY



L.W. STOLZER

Serving as the Association's 1988-89 president will be Gerald E. Warren, senior vice president and head of public affairs at the National Bank of Detroit. He moves up from first vice president, succeeding John A. Russell, vice president and director of marketing, Banc One Corp., Columbus, Ohio.

Named as first vice president for the ensuing year is David M. Thibodeau,

executive vice president, Third National Bank, Nashville, Tenn. Mr. Thibodeau has been the Association's second vice president.

The new second vice president will be Joyce A. Healy, senior vice president, Manufacturers Hanover Trust Co., New York. Since last December, she has been on special assignment at the New York bank in charge of developing and executing a corporate strategy for increased securities activities.

In addition, BMA's executive committee includes the treasurer of the American Bankers Association, L.W. Stolzer, chairman of the Union National Bank and Trust Co., Manhattan, Kan. and J. Douglas Adamson, BMA's executive vice president and its chief staff officer.

FDIC Wants Independent Outside Audits of Banks

The Board of Directors of the Federal Deposit Insurance Corporation has proposed a new policy encouraging state nonmember banks to obtain independent external audits.

"The FDIC believes a strong internal auditing program combined with an annual external audit will substantially lessen the risk that a bank will not detect potentially serious internal problems in its control systems or operations," FDIC Chairman L. William Seidman said. "The large number of unaudited banks experiencing financial diffi-

culties because of fraud, insider abuse and mismanagement indicates an independent external audit could benefit a sizable number of institutions."

The proposed policy statement suggests:

- A bank's board of directors should consider an annual external audit by a certified public accounting firm as part of the cost of operating the institution in a safe and sound manner;

- Banks should engage an independent CPA firm to conduct an audit of their financial statements annually regardless of the nature of their internal auditing procedures;

- A copy of external audit reports prepared for banks should be sent by the banks to appropriate FDIC regional offices;

- The board or audit committee of a bank that does not already employ an independent CPA firm should analyze annually the bank's need for an external audit and record its deliberations;

- When a bank decides an outside audit by an independent CPA firm is unnecessary, a more limited "review" of financial statements and controls should be considered; and

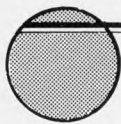
- Regional offices should be notified when a bank decides to change its outside auditor.

Under the proposed policy, applicants for deposit insurance coverage after the effective date of the policy statement will be expected to obtain an external audit annually for at least the first three years after deposit insurance coverage is granted. The proposed policy statement also notes that an annual audit by an outside CPA firm will be a condition of future enforcement actions under certain circumstances.

Record Data Appoints Account Executive for Illinois

Record Data, Cleveland, Ohio, a subsidiary of TRW Inc., has announced the appointment of Sue B. Maze to account executive for its Illinois regional service center. She has more than 18 years of experience in the real estate lending industry.

Ms. Maze attended Austin Community College and San Jacinto College in Pasadena where she received her Associate Bachelor of Arts degree in music. A native of Houston, Tex., Ms. Maze makes her home in Barrington, Ill.



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Rocky Mountain Bank Note Buys Los Angeles Company

Rocky Mountain Bank Note, Denver, Colo., the second largest check printer in the western United States, has acquired the assets of the Forms Division of BankPrint, a Los Angeles printing firm. The division, with annual sales of \$2.2 million, produces a variety of business forms for the California market of financial institutions. Terms of the acquisition were not disclosed.

The operations of the division will be shifted to Salt Lake City where Rocky Mountain Bank Note has its own Form Products Division. According to Laurence Polner, senior vice president of acquisitions, the acquired activities "strengthen our position in this growing market, allowing us to better service our financial customers throughout 16 western states."

Rocky Mountain Bank Note, with 20 check printing plants throughout the West, and revenues approaching \$100 million, is one of several firms owned by the Russell Scott family. Other related firms include the National Tag Company of Vandalia, Oh., a major supplier to the retail industry, which was acquired in June, 1987; and Checks-To-Go of El Cajon, Calif., acquired in March, 1988.

Former Merrill Lynch Exec Joins Continental Bank

H. Grant Clark, Jr., has joined Continental Bank of Chicago to run its private banking division.

Mr. Clark, 53, had been executive director of Merrill Lynch Private Capital, Inc., Chicago, a private banking and investment subsidiary of Merrill Lynch & Co., since 1982. Prior to that he was senior vice president and group head of the personal banking department at The Northern Trust Bank, Chicago.

He spent 26 years with The Northern, and during that time Mr. Clark's responsibilities included commercial banking relationship management and management of the executive and professional banking division. He earned a bachelor's degree in 1956 from Williams College in Williamstown, Mass., and in 1972 completed the Graduate School of Credit and Financial Management program at Dartmouth College.

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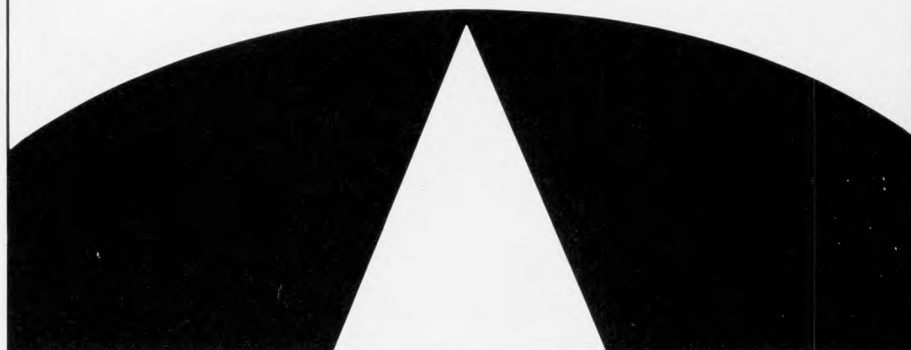
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Rural Lenders to Meet in Rapid City

"SERVING The Customers and Improving the Bottom Line — In a Changing Rural Environment" is the theme for the 34th annual convention of the Upper Midwest Agricultural Credit Council July 6, 7, 8 at the Howard Johnson Motor Lodge in Rapid City, South Dakota. The convention is targeted to managers and lending officers of rural financial institutions.

"Rural financial institutions find themselves in a rapidly changing world," says UMACC president Craig Rehm, First Interstate Bank, Miles City, Montana. "As a result, managers

and lenders in those financial institutions look for information that will help them anticipate change and help them cope with change — and that's the thrust of the 1988 convention."

Also featured will be discussions of how rural financial institutions maintain the bottom line in a changing environment, "because," says Mr. Rehm, "without profitability, rural lenders are history."

Keynote speaker John Borchert, Regents Professor at the University of Minnesota, will talk about "The Economic and Social Evolution of Amer-

ica's Northern Heartland." Charles Riemenschneider, chief of staff, Committee on Agriculture Forestry and Nutrition, U.S. Senate, will discuss economic and agricultural policy issues impacting rural lenders.

James Kirk, president, Farm Credit Services, Omaha, will discuss "The New Farm Credit System: What Role With Other Rural Lenders?" Rural bank profitability prospects will be addressed by Donald R. Mengedoth, president, Community First Bankshares, Fargo.

Other speakers are Emil Melichar, agricultural finance specialist, and Les Horsager, Prudential agricultural group, and Kenneth Stone, professor and extension economist, Iowa State University, who will discuss "Business Changes in Rural Communities: What Are Viable Future Markets for Rural Lending Institutions."

More information about attending the conference may be obtained by contacting Gailen Meyerink, UMACC Secretary-Treasurer, Community First State Bank, Platte, South Dakota 57369, or UMACC State Directors Larry Graham, First Western Bank, New Underwood, South Dakota 57761; Bob Caudel, 2100 Hannaford, Bismarck, North Dakota 58501; Bill Fisher, First Interstate Bank, Hardin, Montana 59034; Martin Gjerde, Bonanza Valley State Bank, Brooten, Minnesota 56316, and Dale Crowley, Hammond State Bank, Hammond, Wisconsin 54015.

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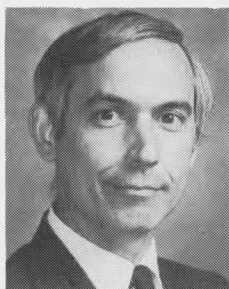
The Uniform Residential Appraisal Handbook, compiled and edited by the National Association of Real Estate Appraisers, is now available. This newest source of reference for appraisers details step-by-step the completion of the URAR Form with the latest guidelines for each section documented on the same page.

Guidelines by the Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Department of Housing and Urban Development (HUD), Veteran's Administration (VA), and the Farmers Home Administration (FHA) are specifically referenced to each appropriate section of the URAR Form.

To order this most comprehensive handbook, send your \$15.00 check payable to Todd Publishing Inc., P.O. Box 5837, Scottsdale, Ariz. 85261.

United Missouri Promotions

United Missouri Bancshares, Inc., Kansas City, has announced that David A. Profitt has joined the holding company as a senior vice president in loan administration and review, where he works with the company's internal portfolio review system.



D.A. PROFFITT

During Mr. Profitt's 23-year banking career, he has been associated with United Missouri Bank of Kansas City, n.a., United Missouri Bancshares, Inc., United Missouri Bank South and another local financial institution. He rejoined United Missouri in March, 1988. He holds a bachelor's degree in business administration from Washburn University in Topeka and a master's degree from Central Missouri State University in Warrensburg.

The following appointments also were announced by the holding company: Lindsey S. Stewart to loan administration officer in the loan review department, and Holly H. Smith to assistant marketing officer and Joan M. Korinek to assistant corporate communications officer in the marketing department.

At United Missouri Bank of Kansas City, n.a., the holding company's principal subsidiary, several officer promotions have been announced.

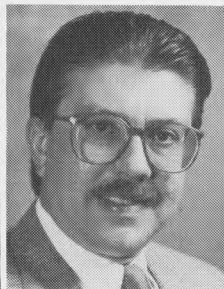
Advanced to the rank of senior vice president are Charles J. Wolf and Jim M. Rundberg.

Mr. Wolf is in the commercial banking division where he services new and existing loan portfolios. He joined the bank in 1978 as vice president and manager of the credit department and has been in commercial banking since 1984. He was associated previously with financial institutions in Kansas and Denver, Colo. Mr. Wolf holds a B.A. degree in business administration from the University of Denver.

Mr. Rundberg manages the check processing area of the operations division. He joined UMB in 1986 as a vice president in operations. Previously, he was associated with a computer company in Hutchinson, Kan. Mr. Hawkins has attended Kansas State University and Kan-



C. WOLF



J. RUNDBERG

sas City Business College.

Promoted to assistant vice president is Anthony P. Hawkins, who is responsible for the operations and retail services of the international department. Mr. Hawkins joined the bank in 1973 as a teller, transferred to the collateral department in 1977 and went in to the international department in 1984. He has attended Maple Woods Community College and the AIB.

Nancy L. Hoffman has been elected a corporate trust officer. She is an administrator in the securities transfer area of the trust department.

Vickie S. Sibbitt has been elected a data services officer, working with correspondent bank customers who use UMB's mainframe computer for major banking applications. She joined the bank in 1987 as a data services representative.

Deluxe Sales Are Up

Deluxe Check Printers, Incorporated, St. Paul, Minn., reports sales for the first quarter of 1988 were \$286,172,431, up 22.6% over the first quarter of 1987 when sales were \$233,371,114.

Net income for the period was \$33,889,999, up 14.2% from last year's first quarter earnings of \$29,679,910. Net income per share for the quarter was 40 cents, compared to 35 cents in 1987.

Harold V. Haverty, president and chief executive officer, said the revenue increase generated by the company, excluding the revenue contributed by its most recent acquisition, Current, Inc., reflected an improvement in sluggish economic conditions in certain regions and continued strong growth in the company's newer products and businesses.

However, Mr. Haverty added, "For at least the balance of 1988, growth in net income will be reduced by the costs associated with continued implementation of new printing technology, which will result in a more cost effective method of producing traditional check products."

Morvis Named Chairman of New Entrepreneurship Board

George M. Morvis, president of Financial Shares Corp., Chicago, has been elected chairman of the board of the new State of Illinois Institute for Entrepreneurship Education.

The Institute, created late last year by the Illinois General Assembly, is designed to promote entrepreneurship as a career option, to foster the growth and development of entrepreneurship education as part of primary and secondary economic education programs and to prepare instructional personnel and materials.



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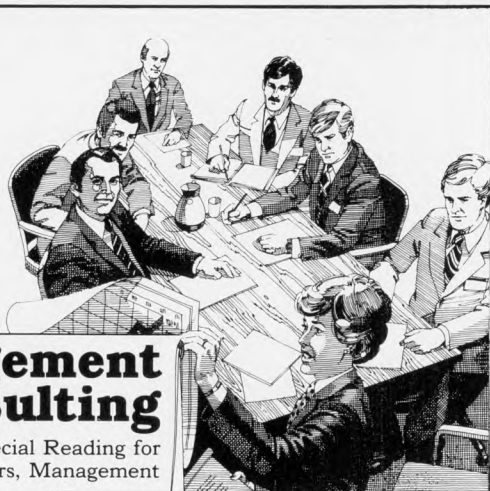
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Written especially for
THE NORTHWESTERN BANKER
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AT YEAR end 1986, almost one and a half years ago when the last Federal Reserve statistics were available, there were 5,207 one-bank holding companies registered with the Federal Reserve system. Your banking organization may be one of those 5,207 organizations. If you are, this commentary is for you.

While giving speeches on formation and operation of one-bank holding companies during recent months, I have been asked by commercial bankers throughout the United States, "How does one clean up the minority shareholders that still reside in the bank subsidiary of the one bank holding company?" This month's commentary will answer the two basic ways that you can clean up your bank holding company ownership of the minority stock still residing in the commercial bank subsidiary.

How Minority Shareholders in Your Commercial Bank Subsidiary Arose

There are two basic ways by which to form a one-bank holding company: the tender offer for the outstanding shares of your bank and the interim bank merger through the chartering of a phantom bank and merger with your operating bank. If you formed your holding company through the phantom bank merger format, then you don't have any minority shares residing at the bank level since they were eliminated through either exchange of shares of the commercial bank with our bank holding company, or more likely through the state and/or national bank dissenter's appraisal procedures. There is one way by which you would have ended up with minority shares in the bank if you had formed the bank holding company through a phantom bank merger, and that would have

been through the intrastate securities exemption — thus not offering the exchange to the shareholders that were outside of your state. This however is not an important exception and will be ignored throughout the rest of the commentary.

If you are one of the over 3,000 one-bank holding companies that formed their holding company through the tender offer route, then chances are that you are one of the 3,000 that still have some minority shares at the commercial bank level. Since you now have been operating for a number of years, you probably are finding out that these minority shareholders may have reaped a windfall by not exchanging their shares for the holding company shares.

Time and time again as we consult with community banks throughout the country, we find that minority shareholders at the bank level who are now receiving annual cash dividends in excess of what they paid for the stock since the one bank holding company has had to upstream cash dividends from the bank to the holding company in order to be able to service the leveraged buyout debt and/or bank stock loan. If your leakage is significant, you may be costing yourself more per year to pay off your minority shareholders than it would cost to clean up the situation and eliminate such shareholders. What you thought was a "cheap" way to form your holding company may have turned into a very expensive annual cost to the holding company.

Furthermore, simply to tender for the remaining shares will bring you, not surprisingly, extremely poor results, since these shareholders realize that they are benefiting from the reorganization far better than you anticipated they would. The simple question then becomes how do you get them out? Is there a way to get them out? What should you do? Should you leave them there? This commentary addresses these questions in order to assist you in cleaning up your bank holding company if the leakage is a significant dollar amount each year. If it is not, it may not be cost effective to do so.

The Interim Bank Merger Solution

The traditional solution to cleaning up your bank holding company is to proceed through the formation of an interim bank and merge your current bank with and into the interim bank. This is, for all intents and purposes, the same transaction you could have used when you formed

the holding company. Under current applicable law, you would have to charter either a state bank or a national bank and then merge your operating bank with and into the interim bank. In cases of state banks, you could merge the interim state bank with and into your current operating bank utilizing a reverse triangular merger.

Such reverse triangular reorganization is against the public policy of national banks, according to the Comptroller of the Currency. This procedure would, by operation of law, eliminate your minority shareholders at the bank who would either have to exchange their shares of the commercial bank for the shares of bank holding company or dissent and request "fair value" from the bank holding company. In essence, the outcome to the minority bank shareholder is either receive cash or bank holding company stock — but with no chance of continuing as a bank shareholder.

"With your legal counsel you should make sure you follow appropriate procedures for forming the phantom bank and accomplishing the merger."

If you anticipate following this procedure, you must realize that you will have to perform a "valuation" of your bank holding company shares so that you exchange the shares of the minority shareholders at a "fair value"; or if you wish to eliminate such shareholders completely, the valuation must be done in order to cash the shareholders out at a "fair value." This valuation, accomplished by an objective third party at arm's length, will assist you as a board of directors in meeting your fiduciary duty of care in determining the exchange ratio of holding company stock or cash for bank stock, especially if you plan to cash out the minority shareholders.

In concert with your legal counsel, you should make sure that you follow the appropriate procedures for forming the phantom bank and accomplishing the merger, making sure that you meet all state and federal regulatory requirements, including the Securities laws of the state and/or the S.E.C. This type of holding company formation clean up may take you up to six months. It may be necessary for you to have the firm that accomplished the valuation also provide you with a fairness opinion. Such a fairness opinion may be based upon your particular circumstances, especially if you know the desires and/or litigative tendencies of your minority shareholders.

If the Financial Modernization Act of 1988, Senate Bill 1886, which was passed by the senate on March 30, 1988, were to pass the House in substantially the same form, Section 201 would permit you to accomplish the clean up through a 30 day notification period, if your minority bank shareholders accounted for less than 10% of the shares of the bank. Consult your legal counsel as to the status of Senate Bill 1886, and if the Financial Modernization Act of 1988 is passed sometime during the year, this may allow you to accomplish the same bank holding company formation clean up procedure as mentioned before under simplified conditions.

Now for the big question: How much does it cost? One bank holding company charter/merger applications cost in the range from \$5,000 to \$7,500 and the amount of legal expenses/consulting expenses incurred may cost another

\$7,500 to \$15,000, and the valuation/fairness opinion may cost \$7,000 to \$20,000. This total is in the range of \$19,500 to \$42,500 and if there are security costs involved with the S.E.C. or state Blue Sky Laws, this should be added to that. Thus, it could cost anywhere between \$20,000 and \$50,000 for this particular procedure to clean up your minority bank shares. You should thus, analyze these costs in relation to the benefits achieved by elimination of the yearly cash leakage to minority bank shareholders.

The Reverse Stock Split Procedure

A reverse stock split is a recapitalization of the commercial bank subsidiary of your one-bank holding company. The board of directors of the bank approves and recommends to the shareholders of the bank, who consist of the bank holding company and the minority bank shareholders, that the common stock authorized and outstanding of the commercial bank subsidiary be split in a reverse fashion. Utilizing a hypothetical example, a reverse stock split of one share for 100 shares would eliminate all minority bank shareholders who own less than 100 shares.

The purpose of the reverse stock split is to eliminate commercial bank minority shareholders of one-bank holding companies and to pay off such shareholders by disbursing cash for fractional shares. In your particular case, the reverse stock split has to be one for every "X" number of shares so that no single minority shareholder would end up with at least one share of the bank after the recapitalization. Such recapitalizations accomplish the intended aim of eliminating the commercial bank minority shareholders.

After such recapitalization, the one bank holding company will own 100% of all shares of the commercial bank subsidiary and the minority bank shareholders will have been cashed out.

The reverse stock split is available under the laws of certain states including many of the states served by the NORTHWESTERN BANKER. Several illustrations follow on what has to be accomplished in certain states in order for the reverse stock split to be legally followed in order to clean up your bank holding company. Since this commentary is not a legal opinion, if you are interested in a reverse stock split, I suggest you contact your legal counsel to determine the efficacy of a reverse stock split in your state. If the reverse stock split is not available and you are desirous of accomplishing the elimination of your minority bank shareholders, you must then utilize the interim bank merger procedure noted in the section above.

Ohio

Chapter 11 of the Ohio Revised Code (The Banking Code) does not have a statutory prohibition for reverse stock splits. Reverse stock splits are legal in Ohio if reviewed by the Division of Banks. Thus reverse stock splits are not prohibited, as long as the "fair value" given to the minority shareholders in the form of cash is fair and equitable. Since the board of directors can recommend such reverse stock splits, the board of directors is responsible for the fair and equitable "fair value" of the reverse stock split.

Section 1103.14 of the Ohio Revised Code indicates that a two-thirds vote of the outstanding shares at the commercial bank level must be voted in favor of the reverse stock split, since the recapitalization in Ohio is an increase in

- **Michigan: Reverse stock split requires 100% approval by H.C. and bank.**
- Indiana: Has approved several reverse stock splits.**
- Missouri: Reverse splits are fully acceptable if conditions are met.**
- **Wisconsin: Reverse splits are not encouraged.**

the par value of the capital stock of the commercial bank subsidiary and as a change of the Articles of Incorporation of the state bank, there must be a two-third vote to accomplish such recapitalization.

- Procedurally, the bank must send to the remaining minority commercial bank shareholders notice of a special shareholders meeting to be held for the purpose of voting on the reverse stock split. The Notice must be sent at least 10 days prior to the holding of the meeting. Following such vote, a Certificate of Amendment of the Articles of Incorporation must be filed with the Division of Banks and the Division of Banks has 60 days in which to either approve or deny the Amendment to the Articles of Incorporation of the state bank. If the Division of Banks (DOB) approves such amendment, the DOB forwards the Certificate of Amendment to the Secretary of State, and thereafter the amendment and the reverse stock split become effective. Ohio's position on reverse stock splits is constructive and more liberal than some other states.

Michigan

- Although the Michigan Banking Code of 1969 does not explicitly prohibit the reverse stock split for cleaning up the bank holding company, it is the policy of the Financial Institutions Bureau (FIB) that reverse stock splits will not be approved, unless the bank holding company and its subsidiary bank receive 100% approval of the recapitalization. The reasoning for this policy is that the FIB believes that the interim bank merger techniques described above are the accepted means by which to clean up the bank holding company. It is the FIB's position that the legislature expected the interim bank merger procedure to be the exclusive remedy for cashing out minority bank shareholders. The FIB would entertain requests for a reverse stock split, if substantial disclosure was given to the shareholders and if the Dissenter's Appraisal Statute under Michigan law (Section 487.430(2)(b)) were to be followed in order to determine the equitable and fair value of the shares under the reverse stock split recapitalization.

- In summary, the Michigan reverse stock split procedure is extremely restrictive, and since you do not know whether you will get 100% approval of the minority shareholders until after all of the money is spent, and you may have to go ahead and do a phantom bank merger anyway, sound business judgement may dictate the interim bank merger technique rather than attempting a reverse stock split.

Indiana

- Indiana has approved several reverse stock split transactions in recent years. Indiana Code, annotated Section 28-1-6, outlines the procedures necessary to amend the Articles of Incorporation of an Indiana state bank. Under Indiana law, once a resolution of the board of directors has been approved to amend the Articles of Incorporation a majority vote of shareholders is all that is required, and then the amendment is submitted to the Secretary of State for effectiveness. If the board of directors and legal counsel for the Indiana state bank are convinced that the

terms of the recapitalization are "fair" to the minority shareholders, no application for approval to the banking board of the Department of Financial Institutions *may* be required. It is prudent to contact the Department of Financial Institutions for the latest information concerning their position on this matter if you decide to accomplish such reverse stock split.

Missouri

Reverse stock splits under Annotated Missouri Statutes Section 362 are permissible if the following conditions are met:

1) the per share purchase price of the minority shares is equal to or greater than the book value of the commercial bank ;

(Per share price less than book value is not precluded, but the general counsel for the Department of Finance for the State of Missouri says that the Commissioner will scrutinize such per share prices less than book value.)

2) minority shareholders of the bank are given substantial materials which reflect the reasons for the reverse stock split recapitalization, the mechanics of the transaction, and the techniques by which the per share cash price has been determined.

Under Missouri law, the Amendment to the Articles of Incorporation for purposes of achieving the recapitalization must follow these procedures:

1) mail all appropriate disclosure materials to the remaining minority shareholders at least 10 days prior to the shareholders meeting;

2) publish legal notice in the local newspaper of such special shareholders meeting;

3) at the special shareholders meeting achieve at least a majority vote of shareholders (including shares held by the bank holding company);

4) file a Certificate of Amendment with the Missouri Commissioner of the Division of Banking, and;

5) the Amendment becomes effective when the Commissioner of Banking issues a Certificate of Effectiveness. Subsequent to the Effectiveness Certificate, a copy of such certificate and a certified copy of the Resolution of the approval of such recapitalization by the shareholders of the state bank should be filed with the office of the Recorder of Deeds.

Under Missouri law, reverse stock splits are fully acceptable, and it is not necessary under Section 362:730 for the state bank to utilize the dissenter appraisal technique for the determination of the per share value or to provide any other alternative means for cashing out the minority shareholders.

Wisconsin

A review of Wisconsin statutes, annotated Section 221.25, and discussions with the Wisconsin Department of Banking indicate that reverse stock splits are not encouraged in Wisconsin. The Commissioner's office will flatly deny any reverse stock split where the per share value of the cash out to minority shareholders has been determined by the board of directors of the state bank

requesting the Amendment to the Articles of Incorporation. Even if one utilizes an outside appraisal, and possibly a fairness opinion, the Commissioner's office does not encourage such reverse stock splits and indicates that such cash out transactions should be handled through the phantom bank merger which permits the minority shareholders to utilize the dissenters appraisal statute in Wisconsin (WSA 225.21)(1).

"The Comptroller has approved the reverse stock split recapitalization, but under very stringent guidelines."

Iowa

The Iowa Department of Commerce, Division of Banking has not denied the ability of a state chartered bank to amend its Articles of Incorporation to perfect and reverse stock splits — on the other hand, the Division has not approved such a transaction either. The general counsel's office of the Division of Banking has stated that Iowa banks are given very narrow and specific powers by the Iowa legislation and since the Iowa Code; the Iowa Code has not specifically stated that a reverse stock split recapitalization can be effectuated by an Iowa bank, until the legislature specifically empowers banks to take such actions, the phantom merger technique of treating minority shareholder interests must be used. This technique utilizes the appraisal process for dissenting minority shareholders.

Each of these states has a different approach to the permissibility of reverse stock splits. If you think this technique is for you, make sure that your legal counsel checks with the Department/Division/Bureau of Banking in your state for the appropriate procedures under your applicable state law. If it is not permissible in your state, then the only way by which you can cash out the shareholders is to use the phantom bank merger procedure.

Reverse Stock Splits and National Banks

The Office of the Comptroller of the Currency (OCC) has approved the reverse stock split recapitalization, but under very stringent guidelines. The OCC has approved such recapitalization plans where a national bank, undercapitalized, wanted to restructure the capital structure of the bank to take out of the capital account a certain sum of money and reaccount it as "capital contribution in excess of par" or a similar connotation. The OCC also requires explanatory disclosures to be made to the affected minority shareholders. At a minimum, the OCC will require that shareholders be given the following information prior to voting on the recapitalization:

1. The bank's purpose in conducting the reverse stock split;
2. The reasons for the timing of the stock split;
3. The amount and precise valuation of the consideration being offered;
4. A statement as to the fairness of the transaction;
5. A statement as to the availability of an independent appraisal relating to the consideration offered;
6. A summary of the appraisal including findings and recommendations;
7. The basis for the findings and recommendations;
8. A statement making the appraisal report available to all shareholders requesting such.

Due to the amount of disclosure required and the hesitancy of the OCC to approve such reverse stock splits unless special circumstances arise, the phantom bank merger method is the more accepted method by the OCC for cashing out minority shareholders. As with most issues studied by the OCC, the applicable laws of the state where the National Bank is located will greatly influence the OCC decision on the permissibility. If your home state does not allow reverse stock splits, the OCC won't even consider the idea. If your home state does allow reverse stock splits, you will have an uphill battle, at best.

Cost of a Reverse Stock Split

The cost of a reverse stock split should be less than the phantom bank merger technique. The cost may depend on the outside third party valuation cost plus fairness opinion costs if applicable. Two recent reverse stock splits performed by this office cost clients approximately \$7,700 and \$15,000, and these values can be considered as illustrative of what it might cost for you to clean up your bank holding company by utilization of the reverse stock split methodology. On the other hand, a recent phantom bank merger clean up cost the client \$21,000 which may or may not be illustrative of the costs. Before proceeding to undertake such recapitalizations, bid out the costs of such techniques in order to determine the best way by which to accomplish the minority bank shareholder cleanup.

"Both techniques are available, but make sure that you know which one is most cost effective for your state and your personal situation."

Summary and Concluding Remarks

If you want to get rid of your minority shareholders who are bleeding you dry, and not permitting you to upstream the cash dividends of your bank to the holding company for legitimate business purposes, then you either have to get rid of them through the reverse stock split recapitalization or through a phantom bank merger. Both techniques are available, but make sure that you know which one is most cost effective for your state and your personal situation.

Since you will be subject to liability, and possible litigation by angry minority commercial bank shareholders who have determined that they have a real good thing going at your expense, you should make sure that you do not place your board of directors into a compromising position through determining the cash out price by arbitrary and capricious means. Utilize an outside objective valuation firm and if necessary, have a fairness opinion issued which may mitigate against your liability in case of litigation.

The end result of all of this will be to achieve a 100% owned subsidiary commercial bank for your bank holding company, and allow you to upstream whatever money is necessary to the bank holding company for corporate purposes, including repayment of bank stock loans, issuance of cash dividends to the shareholders by utilization of such funds for purchasing other financial institutions and/or nonbanking subsidiaries. Furthermore, everybody will be on the same team or off of the team, and this will eliminate any problems you have in serving your shareholder constituency. □

● ABA Community Bankers Advisory Board

A voice for community banks



By **DIANE NELSON**
Associate Editor

● **"I** BELIEVE the ABA Council and Advisory Board have made great strides in meeting the goal of serving the needs of community bankers...we are committed to the future of community banking and involving as many community bankers as possible in our efforts."

● These words of praise for the ABA Community Bankers Council and Advisory Board come from John Berg, Advisory Board member and president of The Bank Wayzata, Wayzata, Minn. Michael Guttau, another Board member and president and chairman of Treynor State Bank in Treynor, Ia., adds, "This has been one of the most enlightening and rewarding experiences I have been involved in during my banking career. In general, the members of this board are real shakers and movers wanting to accomplish things for community bankers across the nation."

● Other Board members agree that this organization is doing a great deal to advance the interests of community bankers, and they want to get the word out so bankers can take full advantage of what the Board does on their behalf.

Origins of the Advisory Board

Kathleen M. Murphy, associate director of the Community Bankers Council, relates the origins of the Advisory Board. "From 1973 to 1981, community bank representation in ABA was achieved through the Community Bankers Division. This small group of community bankers often worked jointly with the Agricultural Bankers Division to develop products and services to meet rural bankers' needs. The Division also reviewed legislation and regulation and their impact on community banks.

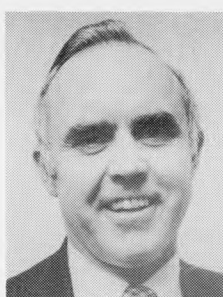
"Around 1981 it became apparent that there was a need to increase community banker involvement in the legislative policy-making and implementation process. Therefore, the committee was elevated to 'Council' status, giving it the powers to make and implement policies. It was also assigned an advisory board which provides input to the Council from community bankers in every state. The Community Bankers Council also has permanent seats on the Government Relations Council, the Education and Policy Development Council and the Communications Council, giving community



JOHN BERG
The Bank Wayzata
Wayzata, Minn.



MICHAEL GUTTAU
Treyner State Bank
Treyner, Ia.



DAVID TAYLOR
Iowa Trust & Savings Bank
Centerville, Ia.



JOHN LUNDSTEN
Buffalo National Bank
Buffalo, Minn.

Bankers Who Took Part in Survey

banker input to other key policy-making groups within ABA."

The Council has 20 members, while the Advisory Board membership numbers 90, with the number of members from each state determined proportionately according to the number of community banks in that state. About 56% of the members are officers of banks in the \$26 to \$75 million asset range.

Responsibilities of Members

The Advisory Board meets twice a year, in July and November. The meetings are dedicated to discussing pending legislation, providing input to the Council regarding how current trends in the industry are affecting bank operations, and identifying needs for pro-

identify new sources of fee income and integrate technological advances into our bank.

"5. Integrate an overall planning process (financial, strategic, marketing, operational) in the banks."

A Voice for Community Banks

Board members feel the Advisory Board serves as a much needed voice for community bankers within ABA. "I think that the American Bankers Association has difficulty relating to smaller community banks, particularly in rural areas," says Samuel P. Baird, president of Farmers State Bank, Superior, Neb. "I see the Advisory Board and, specifically, my position on it as an opportunity to advocate the position of the rural community banks. The ABA staff members appear to

"I see the Advisory Board as an opportunity to advocate the position of the rural community banks. The ABA staff members appear to be quite willing to listen."

Samuel P. Baird, Superior, Neb.

ducts and services which the ABA can meet.

Responsibility of Board members does not stop with the meetings. Members are expected to establish strong relationships with their legislators, with elected officials and with regulatory agencies, serving as spokesmen for ABA community banker efforts. Members are called upon to respond to surveys and serve as resource persons. They also represent the ABA to banks in their own states, supporting ABA programs and encouraging use of its products and services.

The Board addresses specific goals as it takes on these responsibilities. Explains member David Taylor, president, Iowa Trust and Savings Bank in Centerville: "Board members contacted bankers in their state this past year, for example, to get a list of strategies that should be discussed. The following were identified by community bankers:

"1. Become more aggressive and effective in legislation and regulatory initiatives in Washington; become more active in grassroots efforts back home.

"2. Develop a sales culture in the bank through better understanding of market needs, product development and aggressive selling.

"3. Make the commitment to train/retrain/evaluate/update our bank employees.

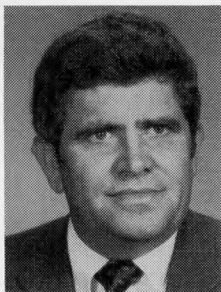
"4. Find ways to control our non-interest expense,

be quite willing to listen and to discuss the different views."

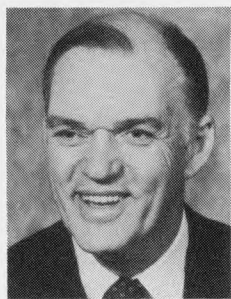
John M. Lundsten, president, Buffalo National Bank, Buffalo, Minn., sees four ways in which the Board benefits community banks: "A. It provides a forum for the exchange of ideas between community bankers and the ABA. B. It gives community bankers a strong voice in the ABA decision making process. C. It gives community bankers an opportunity to speak with a united voice on legislative and regulatory matters. D. It gives the ABA staff a method of determining what issues are most important to community banks."

A Well-Kept Secret

Several Board members expressed their feelings that the organization is not well known and understood by the community bankers it serves, and that the ABA tends to be perceived by bankers as a "big bank" organization. Says C.G. "Kelly" Holthus, president, The 1st National Bank of York, Neb., "I have some concern that the Community Bankers Council Advisory Board is a well-kept secret as far as many community banks are concerned...as I talk to community bankers in Nebraska, I find they are not aware of all the activities of this group. In attending the Community Bankers Annual Conference, I find that the



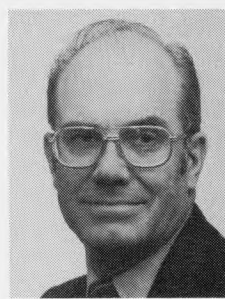
C.G. HOLTHUS
1st National Bank of York
York, Neb.



DANIEL MARVIN
First National Bank
Mattoon, Ill.



RICHARD SCHURTZ
Bank of New Richmond
New Richmond, Wis.



ERLE C. GROSS
Little Horn State Bank
Hardin, Mont.



W.W. COOK, JR.
Beatrice Natl. Bank & Trust
Beatrice, Neb.

bankers attending want to return because they feel it is one of the best bank conferences that they have attended, and it is geared to relating to the community banks. Contrary to many meetings, this conference continues to increase in size each year."

Daniel E. Marvin, Jr., president, First National Bank, Mattoon, Ill., agrees. "My view is that many community bankers do not understand that this Council exists and that through it they can have an impact on ABA policy. All of us who operate community banks are busy with a myriad of duties and we often see the ABA as a distant organization. The Board goes a long way toward reaching and solving that problem but an improved image and greater visibility is needed."

Significant Accomplishments

The accomplishments to date of the Community Bankers Council and Advisory Board testify to the value of the organization. "We have made dozens of personal visits with our representatives and senators," relates John Berg. "We have generated thousands of letters and hundreds of telephone calls and telegrams. The Council and Advisory Board responds to members' needs through product and program development and offerings [such as] Laser Pro, a loan documentation package, and Bank Tax Trak, a tax planning tool.

"It has formed two task forces to address key issues impacting community bankers. The Community Banker Task Force on Regulatory Matters provides input to the Federal Reserve board on the impact of regulations on community banks. The Directors' Exam Task Force is developing guidelines to assist bank directors in conducting effective directors' examinations."

Richard Schurtz, president, Bank of New Richmond, Wis., adds: "A good example of [the development of programs] would be the Bank Training Video System to train bank employees in various areas of operation and customer service. Another would be the evolution of the National Conference for Community Bankers from a convention type of gathering to a working session." Regarding legislative issues, he says, "The Council and the Board both worked very diligently in an attempt to protect the community bankers' interests with respect to the recent Proxmire bill as it moved through Congress."

Future Goals

The Board members have learned from the organization's past successes and are creatively setting goals

for future efforts. Mr. Holthus says, "I feel the Board has done an excellent job meeting its goals at this time. I think an additional goal would be to intensify the role of the community bankers in the lobbying efforts of the ABA. The 12,000 community banks would have tremendous 'clout' in Congress if they would all work together and respond to the call of the ABA when important legislation is being considered."

Mr. Lundsten agrees. "Community bankers must be made aware of the critical importance of their involvement in the political process. We cannot sit back and hope that the ABA will 'take care of things' in legislative and regulatory matters. Community bankers must speak out, and if they are unwilling or unable to do that, then the Board must find ways to change those attitudes and abilities."

"Concern is regularly expressed by bankers that nonbank banks are providing services at competitive prices which cannot be provided by banks because of regulation of banks that does not apply to other institutions," says Erle C. Gross, president, Little Horn State Bank, Hardin, Mont. "I believe the Community Bankers Council should offer community banks techniques to grow and add services without fear of regulatory reprisals."

Mr. Schurtz refers once again to ABA/community banker relations. "I am concerned about the misconception of the American Bankers Association relating to this 'big bank' image. I think both the Advisory Board and the Council can do a better job to correct this misconception."

An Excellent Opportunity

All the Board members interviewed do seem to agree that the experience of serving on the Council and Advisory Board has been an excellent opportunity for them to bring the concerns of banks back home to a national forum.

W.W. Cook, Jr., president of Beatrice National Bank and Trust Company, Beatrice, Neb., expresses that general sentiment of praise: "During my short tenure on the Advisory Board, I do feel that we have met our goals. Attendance at Council and Board meetings is excellent. Projects which have been given to various task forces are being worked on, and the results passed on to all of the community bankers. Bankers who are members of the Council and Board put in a lot of time and effort for the betterment of all community bankers. Staff support from the ABA could not be better. I hope that the Council and Board continue for many more years." □



East Dubuque Savings to Acquire Citicorp Branch

East Dubuque Savings Bank and Chicago-based Citicorp Savings of Illinois have signed an agreement on the acquisition by the East Dubuque Savings Bank of Citicorp's East Dubuque branch. Terms of the transaction were not disclosed. The acquisition is subject to regulatory approval and is expected to be completed by the end of the summer.

The branch will operated under the new name East Dubuque Savings Bank. Citicorp's three local branch employees will join the acquiring bank.

Last August, Citicorp announced its intention to sell its fourteen non-

metro Chicago branches. The decision was made because current statutory interpretations prohibit Citicorp, as a subsidiary of a bank-holding company, from adding new branches. Without the ability to add branches to its scattered network outside the Chicago area, Citicorp is not in a position to effectively serve these markets.

Linda Nelson, assistant vice president of the East Dubuque Savings Bank, will serve as manager of the new branch. East Dubuque's president is Daryl D. Barklow.

The acquisition will increase the bank's asset size from \$36 to \$45 million.

The East Dubuque Savings Bank has also announced the recent addition of Joel C. Holland to its staff. He will serve as an ag representative. Mr. Holland has done internship work with the Farmers Home Administration and several area community banks.

FDIC Grants Assistance to Pocahontas Bank

On April 25, the FDIC announced it has granted financial assistance under Section 13(c) of the Federal Deposit Insurance Act to Bond County State Bank in Pocahontas.

Concurrent with the assistance, the bank has been acquired by an investor group headed by Karl D. Tauber, an Illinois banker. The investors have acquired all of the bank's

stock and have contributed \$450,000 to the bank's capital structure.

The bank operates one office in Pocahontas and has assets of about \$6.6 million.

The FDIC's assistance consists of: 1) a cash infusion of up to \$450,000 to cover the deficit net worth of the bank; 2) a guarantee of up to \$825,000 covering losses of principal and interest on loans outstanding at the time the agreement was consummated; 3) an indemnity of up to \$150,000 to cover possible losses in contingent liabilities.

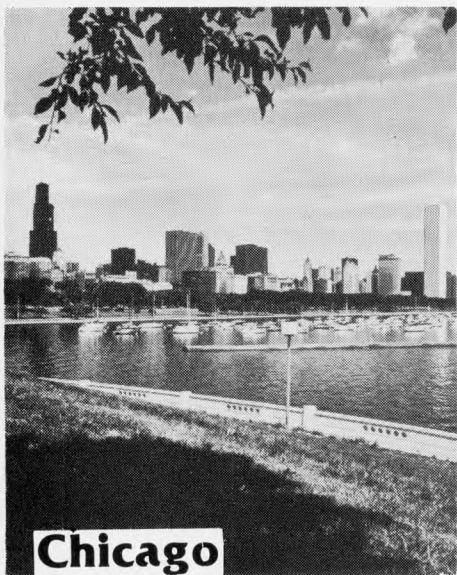
The FDIC assumes none of the bank's assets and will have no further obligation. Further, the FDIC will share in collections on a designated pool of the bank's assets.

Convention Update

At the time this issue was being mailed, the Illinois Bankers Association was holding its Annual Convention at The Fairmont Hotel, Chicago.

David Webber, president, Harris Bank, Roselle, was scheduled to advance as president of the association, succeeding Jack Emmons, president and CEO, Security Bank & Trust Co., Mt. Carmel.

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



Exchange National Bank of Chicago has announced several promotions.

Richard Bennett has been named

first vice president in the real estate division. Prior to joining The Exchange last year as vice president of the real estate division, Mr. Bennett served at Enterprise Savings Bank of Chicago and The Balcro Company in Skokie.

Catherine Cahill has also been promoted to first vice president in the real estate division. She has been with The Exchange since 1986. Prior to that, she was vice president of Abacus Real Estate in Chicago.

Patricia Tennant has been advanced to vice president in the bank's account analysis division. She joined The Exchange in 1980, and prior to that was employed by The First National Bank of Morton Grove.

* * *

John Knutsen has been named president of BankersTech, Inc., a subsidiary of First Colonial Bank-

shares Corporation.

Mr. Knutsen began his career at Colonial Bank in 1972 and became an assistant manager in 1973. He was promoted to manager of teller operations in 1975 and named vice president and cashier in 1979. Last July Mr. Knutsen was named executive vice president of BankersTech, Inc.

* * *

Lane Financial, Inc. announced on May 11 that the Federal Reserve System board of governors has approved the proposed acquisition of Lane Financial by ABN/LASALLE North America, Inc., parent company of LaSalle National Corporation.

Lane Financial's common stockholders were to meet May 31 to vote on the acquisition.

CHICAGO NEWS...
(Turn to page 29, please)



Promoted in Bemidji

The board of directors of The First National Bank of Bemidji has announced the promotion of Debbie Lauderbaugh to auditor. Ms. Lauderbaugh started with the bank in 1979 as a part-time teller. In 1982 she was promoted to teller supervisor, a position she held until her appointment to auditor.



D. LAUDERBAUGH

Promoted in Owatonna

Timothy M. McManimon has been promoted to senior vice president/business banking at Norwest Bank Owatonna. He joined the bank in 1983 as a commercial loan officer, became assistant vice president in 1985, and vice president later that same year. Prior to joining the bank, Mr. McManimon worked for the Norwest affiliate bank in Winona.

MBA Updates Manual

The Minnesota Bankers Association Procedures and Forms Manual 1988 Advisory Committee has been working on an updated section on adjustable rate mortgages and a new section on construction financing. Updates were mailed to MBA members in May.

The MBA Procedures and Forms Manual consists of four loose-leaf manuals on procedures and forms for four lending areas: agricultural, commercial, real estate, and consumer lending. MBA member cost to purchase the set is \$500 plus an annual updating fee.

In addition to the Lending Manual, MBA is starting committees for two other manuals on records retention and account procedures. Any MBA member interested in serving on either advisory committee should contact the MBA office.

MBA Compensation Survey Attracts Record Participation

A record number of banks have participated in the Minnesota Bankers Association 1988 Compensation Survey, according to Wayne Berthiaume, MBA vice president—administration. He attributed the increase to major changes in the survey. Banks participate on a voluntary basis in the survey, which provides information on salary and benefits in the banking industry.

Zapp Bank Offers Scholarship, Movie Series, Art Show

Zapp Bank, St. Cloud, has announced the winner of this year's \$1000 scholarship. She is DeAnn Marie Brix of St. Cloud. The scholarship was established in 1984 to ben-

efit St. Cloud area students planning to study banking/finance or business administration.

The bank is also continuing its program of offering senior citizens a series of free movies at a local theater. Refreshments are also provided at the showing.

Zapp Bank also recently held its 26th annual Art Show, which was scheduled to run through June 20.

Convention Update

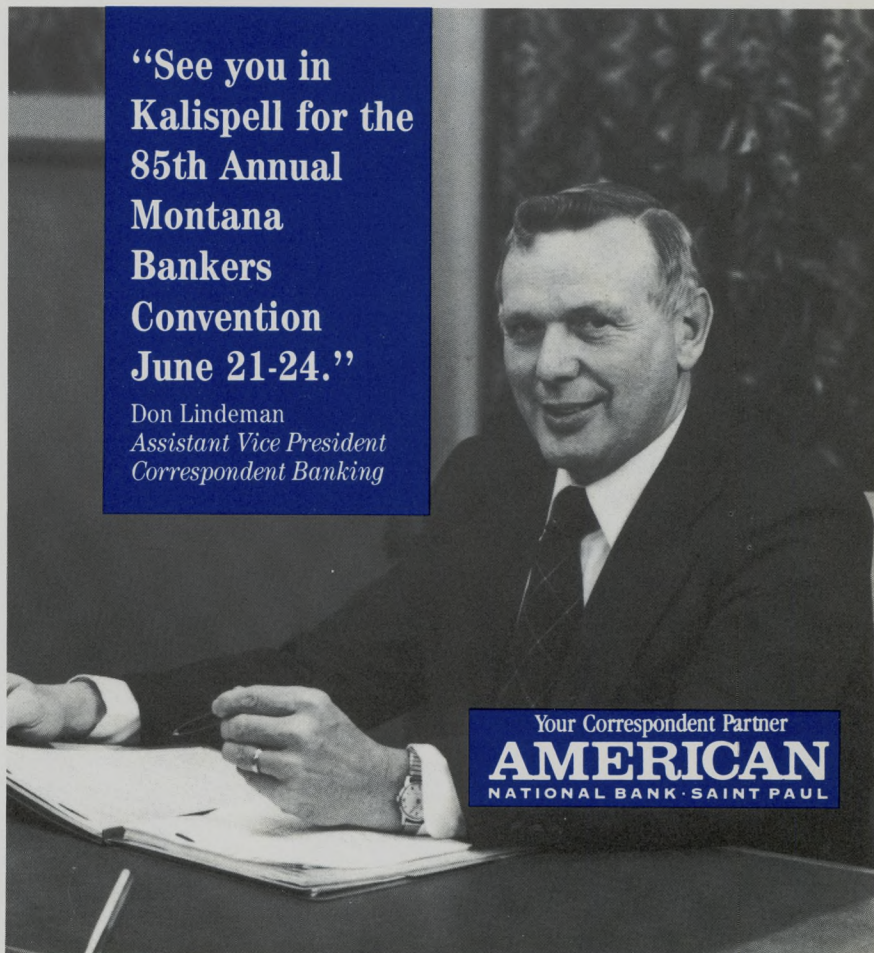
At the time this issue was being mailed, the Minnesota Bankers Association was holding its Annual Convention at the Holiday Inn and Radisson Hotel in Duluth.

A. William Sands, chairman, Western Bank, St. Paul, was scheduled to advance as president of the association, succeeding James R. Jorstad, president, Minnesota Bank, N.A., Caledonia.

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

**"See you in
Kalispell for the
85th Annual
Montana
Bankers
Convention
June 21-24."**

Don Lindeman
*Assistant Vice President
Correspondent Banking*



Your Correspondent Partner
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Twin Cities



First Wisconsin Corporation announced on May 5 that it had reached an agreement to acquire Metropolitan Bank Group, Inc., a \$200 million one-bank holding company which owns the MetroBank, headquartered in Bloomington. The acquisition will be First Wisconsin's largest to date in Minnesota. When completed, it will make First Wisconsin the fifth largest banking company in the Twin Cities, with assets of more than \$612 million.

Metropolitan has six locations, including two in Bloomington, two in

Minneapolis, and one each in Plymouth and St. Paul. Combined with First Wisconsin's four previously announced acquisitions in Minnesota, it will give the Wisconsin bank holding company 19 locations in the Twin Cities area.

The name and staff of MetroBank will remain the same.

* * *

The board of directors of Bremer Financial Services, Inc. has announced the promotion of Lyle

Sorum to senior vice president/director of marketing, and Tony Albrecht to vice president—investments.

Mr. Sorum came to Bremer in 1984 from First Bank Grand Forks, where he served as president/CEO. He also served FBS as a vice president and manager of training in Minneapolis. In addition, he has been a bank consultant.

Mr. Albrecht joined Bremer in 1987 from Bankers Trust Company in Des Moines, where he served as investment manager.

* * *

"We're going the extra mile to be at the North Dakota Bankers Assoc. Convention. See you there."

Greg Larson
Correspondent
Bankers Officer

Your Correspondent Partner
AMERICAN
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Three recent officer elections have been announced by First State Bank of Eden Prairie.

Sue Von has been elected vice president. She previously was vice president at Marquette Bank Minneapolis. She began her banking career at Norwest Bank Minneapolis.

Janet Alland has been elected assistant vice president. She had been a loan officer at First State Bank. Her career began at the bank in 1979.

Carm Nelson has been elected cashier. She joined the bank in 1987 after serving as operations officer at Franklin National Bank in Minneapolis.

* * *

The following changes have been announced at Cherokee State Bank, St. Paul: Dennis Passeri has been promoted to executive vice president, Ann Tischler has been promoted to vice president—cashier, and Heidi Gesell has been promoted to vice president.

In addition, Ms. Gesell has been named to the board of directors.

Richard W. Paschke has joined

the staff as a consumer loan officer. **Patrick D. Grinde** has joined the bank as vice president and manager of the Grand Avenue facility.

Mr. Passeri has been with Cherokee for 19 years, Ms. Tischler has spent her entire career with the bank, and Ms. Gesell has been with the bank since 1983.

* * *

The First Bank System has announced recent staff changes:

Fred Gumbel was named credit cycle manager for the credit management and processing support division of First Bank. He was most recently senior vice president at Citicorp Savings of Florida, Miami.

William M. Wingfield has been appointed vice president for Securities Processing Services, Inc. (SPSI), an FBS subsidiary. He most recently served as vice president of trust operations services for Wachovia Bank and Trust, Winston-Salem, N.C.

Elizabeth Parker has been promoted to vice president and manager of physical asset services at SPSI. She has been with FBS since 1979 and most recently served as assistant vice president at First Trust.

Mike Kellogg has been promoted to vice president and manager, institutional trust group at First Trust. He joined the company in 1986 as assistant vice president.

Tom Murray has been advanced to vice president, personal trust at First Trust. Most recently he served as personal trust assistant vice president/assistant secretary.

Bob Engebretsen has been promoted to vice president, personal trust at First Trust. He joined the company in 1973 as an income tax accountant.

Judith Tucker Curtis has been named vice president and manager of corporate trust administration for First Trust. She joins the company after 13 years with Continental Illinois in Chicago, where she most recently served as second vice president in the corporate services trust department.

The FBS Merchant Banking Group has announced it has added three to its staff.

Douglas Q. Holmes, most recently corporate finance associate with The First Boston Corporation in Chicago, has joined the group as a corporate finance director.



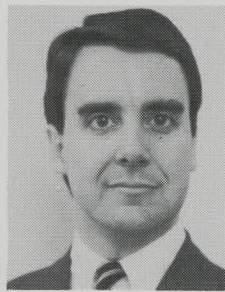
F. GUMBEL



D.Q. HOLMES



C.I. LAVINE



P.C. SCHNOBELEN

Clifford I. Lavine has joined Merchant Banking as a mergers and acquisitions director. He formerly was a mergers and acquisitions vice president with Salomon Brothers Inc., New York City.

Paul C. Schnobelen III, pre-

viously a vice president of corporate finance at Shearson Lehman Hutton in New York City, has also joined the group as a corporate finance director.

* * *

Independent State Bank of Minnesota has elected two new board members. They are **James A. Clark** and **Robert Vogel**.

Mr. Clark began his career at the Production Credit office in Mankato. He has also worked in banks in Fulda and Windom. He is president and CEO of the Lake Crystal National Bank in Lake Crystal, which he purchased in 1981.

Mr. Vogel joined Mid America Bancorporation after graduation. He has worked at the family owned bank, First State Bank, New Market, since 1975, and is currently CEO and cashier.

* * *

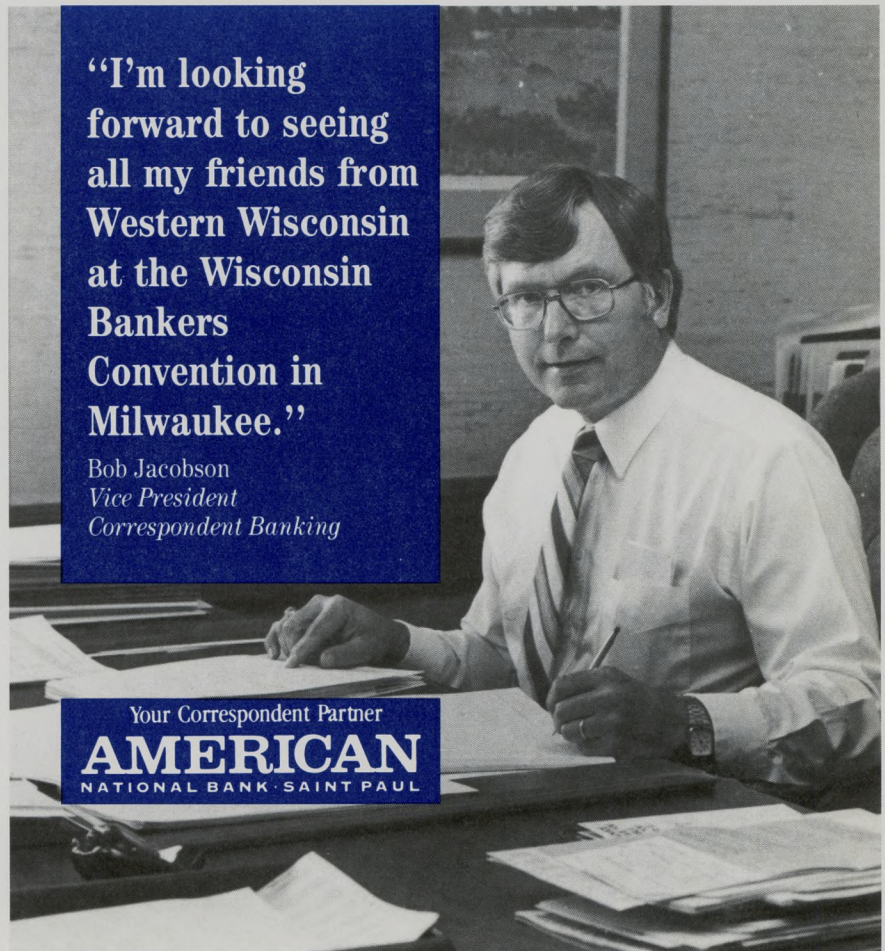
Stockholders of Norwest Corporation have elected 15 directors.

They also voted to increase the number of authorized shares of com-

"I'm looking forward to seeing all my friends from Western Wisconsin at the Wisconsin Bankers Convention in Milwaukee."

Bob Jacobson
Vice President
Correspondent Banking

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mon stock to 100 million, from 50 million; to amend the corporation's 1985 Long-Term Incentive Compensation Plan to increase the number of shares that may be issued and to extend the plan's termination date to 1998; and to ratify the appointment of Peat Marwick Main & Co. as the company's auditors for the year.

The directors are: **David A. Christensen**, president and CEO, Raven Industries, Sioux Falls, S.Dak.; **Pierson M. Grieve**, chairman, president and CEO, Ecolab, Inc., St. Paul; **N. Bud Grossman**, manager, Cogel Management Co., Minneapolis; **Charles M. Harper**, chairman and CEO, ConAgra, Inc., Omaha; **William A. Hodder**, chairman, president and CEO, Donaldson Company, Inc., Minneapolis; **George C. Howe, Jr.**, president and managing partner, Howe Seed Farms, Casseleton, N. Dak.; **Lloyd P. Johnson**, chairman, president and CEO, Norwest Corporation, Minneapolis; **Reatha Clark King**, president Metropolitan State University, St. Paul; **Richard M. Kovacevich**, vice chairman and COO of the banking group, Norwest Corp., Minneapolis; **Richard S. Leavitt**, chairman and CEO, Nellis Corporation, Rockville, Md.; **Richard D. McCormick**, president and COO, US West, Inc., Englewood, Colo.; **John E. Pearson**, chairman and CEO, Northwestern National Life Insurance Company. **Gerald Rauenhorst**, chairman and CEO, Opus Corporation,

Minneapolis. **James R. Spicola**, president and COO, Cargill, Inc., Minneapolis; **David M. Winton**, manager, Winton Partners, Minneapolis.

* * *

Allen I. Olson, executive vice president of the Independent Bankers of Minnesota, announced April 20 that it has appointed World Travel Bureau, Inc. of Rochester as the official purveyor of a new customer service offered to its member banks throughout the state.

World Travel Bureau will offer a complete line of travel services to banking customers exclusively through IBoM members. The scope of the service will include all of those provided by a full-service travel agency, including domestic and international travel tour packages, cruises and individual airline tickets.

"This program has been established to meet a need which we see in many communities—a need for a convenient, centralized travel service," stated Mr. Olson.

Each participating bank will have trained representatives to coordinate the customers' arrangements and ticketing through a special communications network with the World Travel offices in Rochester.

* * *

First Bank System lock box services earned the top quality rating

from Ford Motor Credit Company in 1987, announced **Carl J. Mannino**, manager of lock box systems and operations, Ford Motor Credit Company.

Ford, which launched its quality service campaign in the mid-80's along with its national advertising slogan, "Quality is Job #1," issues an annual Q1 Award ("report card"), that statistically rates the quality of specific cash management services. Among 23 banks nationwide, FBS earned the highest rating for "independently and consistently exceeding Ford Motor Credit's lock box quality objectives in 1987." FBS is the only bank to win the award three years in a row, according to Mr. Mannino.

Automated retail lock box is used to collect high volume, low dollar, consumer-to-corporate remittances. The service uses high-speed automated equipment to process checks and prepare deposits. It transmits detailed receivable information directly to the company. **Terry Sandvik**, senior vice president, is head of the FBS Cash Management Group.

* * *

A photo exhibit depicting scenes from St. Paul in 1903 has opened at the American National Bank's main banking lobby in downtown St. Paul. It is available for public viewing at no charge.

The exhibit is sponsored by the bank to mark the 85th anniversary of its founding in May 1903. It was researched by the Ramsey County Historical Society and displays photos provided by the Minnesota Historical Society. The exhibit will be at the bank through June and will move to other locations throughout the year.

* * *

David M. Gilman has been named vice president and north market manager, small business banking, for FBS, and managing officer for the First Bank, Robbinsdale office.

Mr. Gilman formerly was president and CEO of Marine Bank Bloomington, now First Bank Bloomington. He began his career in 1957 with Fidelity Bank Northeast, where he eventually served as chairman, president and CEO. He joined Marine in 1986.

He replaces **Kenneth C. Sheenan**, managing officer of the Robbinsdale office, who retired May 31.

In Northern Minnesota, Mike Bodeen's got you covered.



Meet Mike Bodeen, Norwest's Correspondent Banker for Northern Minnesota. When you have correspondent banking needs, he's a good person to know. Mike makes it his business to understand the special needs of community banks. And he wants to do business with

you. Talk to Mike about our complete line of specialized correspondent banking services. When it comes to correspondent banking, he's got you covered.

NORWEST BANKS
CORRESPONDENT BANKING

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ELECTED at convention to serve as officers for the SDBA in 1988-89 are, from left: Pres.—**Christine Schirber**, exec. v.p., Dewey County, Isabel; Pres.-Elect—**David Birkeland**, pres. & c.e.o., First Bank of S.D., N.A., Sioux Falls; Vice Pres.—**Leroy Hofer**, pres., First State, Armour; Immed. Past Pres.—**Larry Ness**, pres. & c.e.o., First Dakota Natl., Yankton, and Exec. Vice Pres.—**J.I. Milton Schwartz**, Pierre.

Bankers Meet in Sioux Falls

By **ROBERT O. CRONIN**
Associate Publisher

THE 96th Annual South Dakota Bankers Association Convention was held last month in Sioux Falls and attracted hundreds of bankers and spouses from throughout the state. The two and one-half day convention featured excellent speakers and general sessions, spouse activities and a special opening night party with a "Roaring 20's" theme.

This year's convention was a first, as Christine Schirber, executive vice president at the Dewey County Bank in Isabel, was elected to head the SDBA. Ms. Schirber is the first woman to serve as president of the association.

Officers Elected

Other officers elected at the convention were: **President-Elect**—David Birkeland, president, First

Bank of South Dakota, Sioux Falls; **Vice President**—Leroy Hofer, president, First State Bank, Armour; **Immediate Past President**—Larry Ness, president, First Dakota National Bank, Yankton, and **Executive Vice President**—J.I. Milton Schwartz, Pierre. This year's convention was chaired by Dennis Kirkeby, senior vice president, First National Bank, Sioux Falls.

General Session

After a welcome from Sioux Falls Mayor Jack White, introductions were made and the first general session speaker was announced. Dr. Barry Asmus, author and professor of economics, Phoenix, Ariz., gave his presentation entitled "Economics and the Spirit of Free Enterprise." Dr. Asmus said, "We have been in an appreciated business expansion for the past six years that has created over 16 million new jobs, helped lower interest rates, created higher household incomes and

helped push the Gross National Product up."

Dr. Asmus credited the U.S. economic expansion to the current lower marginal tax rate and privatization. "The key to economic resurgence is lower marginal tax rates," he said, relating that these rates have dropped from 50 percent to 28 percent with the newly enacted 1986 Tax Reform Bill. Dr. Asmus also noted, "Private ownership and capitalism equal freedom, and socialism destroys the souls of human beings."

Looking ahead, Dr. Asmus predicts "an enormous progressive move in agriculture and manufacturing." He said we will continue to be a great nation in both these fields, but fewer people will be employed in agriculture and manufacturing. Dr. Asmus pointed out that 75 percent of the labor force in America is employed in the service sector, "and we're heading for 90 percent."

C.C. Hope, director of the FDIC, addressed the general assembly. He is in his second year of a six year stint with the FDIC. Mr. Hope, referring to his last appearance before an SDBA convention, said, "There have been a lot of changes over the past nine years." In his view, most drastic among those changes were developments regarding interstate banking, and the massive bank closings that have taken place over past years.

Mr. Hope said there were 184 bank failures and a number of assistances in 1987, and projected that number will be about the same in 1988. "One bright spot," he said, "is that in South Dakota, only three banks have been closed since 1984."

Mr. Hope said, "Seldom is there a single cause for a bank failure," but



LEFT—Chairing the 1988 SDBA Convention was, left, **Dennis Kirkeby**, sr. v.p., First Natl., Sioux Falls, with guest speaker, **C.C. Hope, Jr.**, dir., FDIC, Wash., D.C. **RIGHT**—Taking part in the convention's general session were, from left: **Kent Stickler**, pres., Financial Shares, Inc., Clearwater Beach, Fla., with **Martha** and **Thomas Rideout**, pres.-elect of the ABA and vice chmn., First Union Natl., Charlotte, N.C.



Your
Mom



Your
best
buddy



Your
favorite
teacher

Throughout your life you've

Through your life's experiences there has always been one element that helped you grow – trusted friends. People who care about you.

And it's no different now. The people who bring you the Correspondent and Investment Services of Marquette Bank have provided dedicated support for years and continue to do so. We are here with investment and loan strategies that function



known who to count on.

together to deliver the resources you need. With people who understand the importance of working as a team and customizing plans for your specific situation.

● Most importantly, we're here when you need us. The same familiar faces, day in and day out. Bringing you knowledge, experience, and the warmth of a trusted friend. So whatever your needs, just call. You can count on us to come through.



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Minneapolis** Member FDIC

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MN Wats 800-862-1452
National Wats 800-328-8155

Investment Department 341-6558
MN Wats 800-643-7582
National Wats 800-328-8013



LEFT—Visiting prior to the start of the general business session with **Dr. Barry Asmus** (right), prof. of econ., Phoenix, Ariz., are **Larry Ness** and **Christine Schirber**. **RIGHT**—Enjoying themselves during the "Roaring 20's Party" were, from left: **B. Michael Broderick**, pres., First American, Canton; **Craig Johnson**, v.p., Norwest Bank, Sioux Falls, and **John Thomson**, pres., Bank of Centerville.



LEFT—Security Natl., Sioux City, hosted a breakfast and its guests included, from left: **Tom Lillibridge**, pres., First Fidelity, Burke, and his wife **Cindy**; **John Lillibridge**, chmn., First Fidelity, Burke, and **Gene Hagen**, pres. & c.e.o., host bank. **RIGHT**—Visiting at the North Central Life exhibit were, from left: **Russ Eng**, repr., Sioux Falls; **Lee Larsen**, pres., Norwest Bank, Huron, and **Dennis Zea**, repr., Sioux Falls.



LEFT—Taking part in the Norwest dinner party were, from left: **John Sampson**, sr. v.p., Mpls.; **Pat Farrar**, Britton; **Joan Holter**, Vermillion, and **Robert Rasmussen**, v.p., Mpls. **RIGHT**—Present at the Brandt Money Handling Machines, Inc. booth were, from left: **Al Larson**, chmn., Farmers State, Winner; **Scott Grimes**, Brandt, Omaha; **Jim Jares**, pres., Farmers State, Winner, and **Don Cahoy**, Brandt, Sioux Falls.



did note that 89 percent of all failures are a result of improper management. He pointed out that only ten percent of all bank failures are caused by fraud. In conclusion, Mr. Hope said the recent \$1 billion loan from the FDIC to the troubled First Republic Bank in Texas was a "temporary solution to a serious problem." He related that there was a \$250 million "run" on the bank only two and a half hours after trouble was learned of by depositors.

Speaking out on the issue of the merging of the FDIC and FSLIC funds, Mr. Hope said, "We at the FDIC oppose a merger of the funds. There are, however, some congressmen that are looking at proposing a merger of the FDIC, FSLIC and the credit union funds." Mr. Hope called the recent \$10.8 billion FSLIC bailout by Congress "woefully inadequate," and concluded, "We don't have enough funds to take on the problems of the FSLIC."

Also bringing insight and instruction to the 1988 Convention was Kent Stickler, president, Financial Shares, Inc., Clearwater Beach, Fla. Mr. Stickler said that improving technology, deregulation, and increased demands by customers are the three most important challenges facing the banking industry. He discussed eight qualities possessed by a "survivor" bank: innovation, direction, diversification, efficiency, service, education, teamwork and

sales.

● This year's program also featured comments from ABA President-Elect Thomas Rideout, vice chairman, First Union National Bank, Charlotte, N.C., and The Honorable George Mickelson, governor of South Dakota. It was announced at the convention that the 1989 SDBA Convention will be held in Sioux Falls. The 1990 Annual Convention will be a "tri-state" gathering of bankers from South Dakota, North Dakota and Montana, and will be held in Rapid City. □

Pres. Named in Rapid City

First Bank Rapid City has announced that Jim Mirehouse will assume responsibility as president of First Bank Rapid City. Last January, Mr. Mirehouse stepped in for President Ron Brue, following his unexpected illness.

Mr. Brue will return to the bank as executive vice president.

Mr. Mirehouse began his career in the ag credit area of First Bank Great Falls, Mont., in 1979. He transferred to First Bank Havre, Mont., in 1984, and was named president and CEO later that year. In 1986, Mr. Mirehouse was named senior vice president of FBS Credit Services, Inc. and Agricultural Credit Corporation.

When FBS purchased Mid-Valley Bank in Omak, Wash., in 1986, Mr. Mirehouse was named chairman of the newly acquired First Bank Washington. In June, 1987, he was named product support manager in FBS's regional community banking in Minneapolis. He transferred to First Bank Rapid City as executive vice president and COO in January of this year.

Promoted in Rapid City

● Sonia Andrews has been promoted to assistant cashier in charge of data processing operations for Rushmore State Bank, Rapid City. She joined the bank in 1981 and presently works at the Rapid City main office. Ms. Andrews was previously employed by Barnett Bank, N.A. in Florida.

Changes Told by Norwest

Norwest Corporation has announced several staff changes in South Dakota:

● Jay I. Mann has been appointed

to a new position as vice president and manager of agricultural real estate lending for its subsidiary, Norwest Agricultural Credit, Inc. He was vice president of branch operations with the Farm Credit Services in Storm Lake, Ia., and previously served for 15 years, until 1985, as president of the Federal Land Bank Association in Sheldon, Ia.

Mr. Mann's position was created in response to the recent federal legislation authorizing the "Farmer Mac" program.

Darla Smith has been appointed mortgage loan officer for the Norwest Bank South Dakota Brookings Branch. She joined Norwest in 1976 and most recently was a personal banking officer.

Shirley Pradere has been named trust administrator for Norwest Capital Management and Trust in Rapid City. She joined Norwest in Billings, Mont. in 1985, and since 1987 has been a regional credit analyst for Montana's Region VIII.

Sue Thune has been named personal banking representative for the Norwest Bank South Dakota Marion Road branch. She joined Norwest last year as an administrative assistant in correspondent banking.

CHICAGO NEWS...

(Continued from page 20)

Kenneth A. Skopec, president of The Mid-City National Bank of Chicago since 1972, has been elected vice chairman and CEO of the bank.

Randall J. Yenerich, who had been executive vice president of Mid-City, will succeed Mr. Skopec as president. He also will serve as the bank's chief operating officer.

Ronald D. Santo, formerly senior vice president of the bank, has been elected executive vice president of Mid-City National Bank to replace Mr. Yenerich. Mr. Santo also was elected to the board of directors.

Mr. Skopec began his business career with Mid-City in 1952, was named vice president in 1962,



K.A. SKOPEC



R.J. YENERICH



R. SANTO

elected a director in 1965, and was named president in 1972.

Mr. Yenerich joined the bank in 1959 and became a full-time employee in 1965. Since that time he has served as pro-cashier, assistant cashier, assistant vice president, vice president, senior vice president and executive vice president.

Mr. Santo joined Mid-City in 1971 as assistant auditor. Since then he has served as installment credit loan officer, real estate loan officer, assistant vice president and commercial loan officer, and cashier before being elected senior vice president and board secretary.

* * *

The Cole Taylor Financial Group, Inc. has a net income of \$6.221 million for 1987, a 7.2 percent improvement over income for 1986, it was announced at the company's recent annual meeting. Operating earnings for the group were up 44% over 1986 levels.

Total assets grew 6.1 percent from 1986 to 1987, now exceeding \$1.162 billion. The company's total loan volume increased 8.8 percent.

* * *

Ground was recently broken for the First Colonial Bank Lake County, a new First Colonial Bankshares Corporation full service bank. The bank, adjacent to the Hawthorn Mall, is expected to open in late December. A quarter of the building will be leased to other companies.

Architectural firm Systems Design Ltd. designed the building and it will be built by Mickey Weiss Construction.

* * *

Dan Graham, vice president and EDP auditor of The Exchange National Bank of Chicago, has received the 1988 Black and Hispanic Achievers of Industry Award.

92nd Annual Wisconsin Bankers Association Convention

June 13-15
Pfister Hotel, Milwaukee



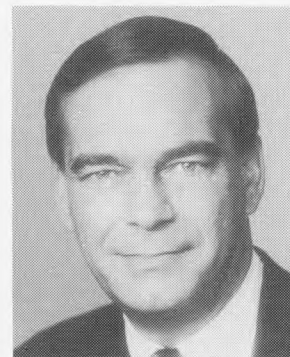
THOMAS SCHIEFELBEIN
Chairman



JESS S. LEVIN
Chairman-Elect



GILBERT L. HOMSTAD
Vice Chairman



BRYAN K. KOONTZ
President

“WISCONSIN Banking—A Design for the Future” is the theme of the 92nd Annual Convention of the Wisconsin Bankers Association. The convention will be held June 13-15 at the Pfister Hotel in Milwaukee.

Presiding over the gathering will be Richard P. Klug, chairman of WBA and chairman and CEO of F&M Financial Services Corporation, Menomonee Falls. Slated to succeed him is Chairman-Elect Jess S. Levin, president of the Bank of Elmwood, Racine. Vice Chairman of the WBA is Gilbert L. Homstad, president of the Jackson County Bank, Black River Falls. Bryan K. Koontz is president of the association.

A special feature of this year's convention will be a full day of exhibits on Monday, June 13. The exhibits are open to all bankers, whether registered for the convention or not.

Featured speakers include Danny Cox, top-flight sales manager; William M. Isaac, managing director and CEO of The Secura Group and former FDIC head; and banking expert Dr. Herbert V. Prochnow.

The “Black and White Gala” dinner show and dance Tuesday night will feature entertainment by the Marlene Ricci Show and the Chuck Howard Orchestra. Highlighting the guest program will be a luncheon with celebrity Virginia Graham.

The complete convention schedule follows:

Monday, June 13

A.M.

- 9:00 Exhibit hall/registration open.
- 9:00 Continental breakfast.
- 11:30 Luncheon with Danny Cox—“Leadership—When the Heat's On.”

Wisconsin Banking: A Design for the Future

P.M.

- 2:30 WBA committee meetings.
- 4:00 Reception.
- 6:00 First Wisconsin Party, 40th Floor, First Wisconsin Center.

Tuesday, June 14

A.M.

- 8:00 Breakfast sponsored by M&I.
- 9:30 General session. “A Flag Day Salute: Tragedy to Triumph”—former P.O.W. Phillip Butler. Forum for U.S. Senate candidates.

P.M.

- 12:30 Banker luncheon. “Report Card: Wisconsin Banks' Attack on the Future”—Bryan Koontz, WBA pres.
- 2:30 Special CEO Super Session: “Meeting the Competition—A Design for the Future”—Tricia Faulkender, TFA, Chicago; Kent Stickler, Financial Shares South, Clearwater Beach, Fla.
- 5:30 Reception, Top of the Marine.
- 7:15 Black and White Gala Dinner Show and Dancing.

Wednesday, June 15

A.M.

- 8:00 Breakfast sponsored by M&I.
- 9:30 Final general session. “The Challenge of Change”—Richard P. Klug, WBA chmn. “Accentuate the Positive”—Thomas L. Schiefelbein, WBA chmn.-elect. “The Future of Banking Regulation”—William M. Isaac. “U.S. and the International Economy”—Dr. Herbert V. Prochnow. □



PARTICIPATING in the 1988 First Wisconsin Correspondent Seminar were, from left: **Don Kramp**, 1st v.p.; **Richard Holscher**, exec. v.p.; **John Becker**, pres. (all with First Wisconsin—Milwaukee), and **Jack Hendee**, chmn., First Wis. Corp.

First Wis. Holds Correspondent Seminar

By **ROBERT O. CRONIN**
Associate Publisher

FIRST Wisconsin recently held its 22nd Annual Correspondent Seminar in five cities throughout Wisconsin and Illinois. The 1988 seminar included stops in Appleton, Madison, Hudson, Milwaukee and Itasca, Ill. Don Kramp, first vice president, First Wisconsin Milwaukee, said all the meetings have had very good attendance.

Richard Holscher, executive vice president, Milwaukee, welcomed guests to each meeting and said, "The focus of these seminars is the practical application of information to the improvement of your bottom line." Mr. Holscher told his audience that correspondent banking is a vital part of First Wisconsin business and has always been based on mutual benefit.

In addition to being in the correspondent business, First Wisconsin is also in the acquisition business. In the recent past it has acquired four banks in Illinois with assets of nearly \$500 million and five banks in the state of Minnesota, also with nearly \$500 million in assets.

The afternoon seminar included presentations from various First Wisconsin officers on lender liability and environmental laws, managing loan workouts, Elan Investment Services, Inc., strategic issues facing financial institution management and stress management. Paul Olander, president, Paul W. Olander

Company, shared his perspective on the sale of a financial institution. A cocktail reception and dinner followed after each afternoon session.

You Will See Them at the Wis. Bankers Convention

The following metropolitan bankers and service and equipment dealers have indicated they will be attending the annual convention of the Wisconsin Bankers Association in Milwaukee on June 13-15:

Chicago
LaSalle National Bank: John Lynch, Wayne Bismark, Barbara Winter, Joel Warland, Del Rogers, Peter McGuire.

Minneapolis/St. Paul
American National Bank: James A. Russell and Robert W. Jacobson, vice presidents.

First Bank, N.A.: Al Highum and Darryl Nelson, vice presidents.

Marquette Bank: Bill Addington and Ralph Nelson, vice presidents.

NISI: Scott R. Bendix, regional sales manager.

Norwest Bank Minnesota, N.A.: Robert L. Rasmussen, vice president; Richard W. Theis, William L. Meyer and Micahel E. Bodeen, assistant vice presidents.

Bank Equipment and Other Firms
Modern Banking Systems, Inc., Omaha: Ken Conrad, MBS, Wisconsin Rapids.

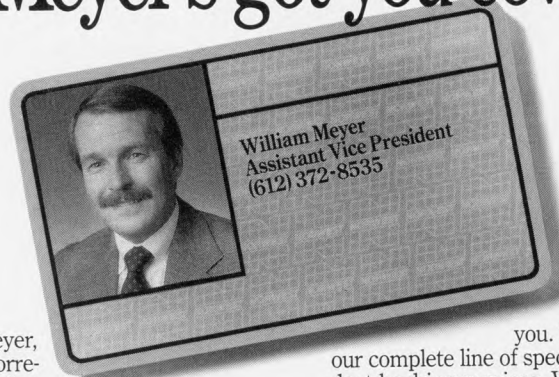
Northern Trust Company, Chicago: Michael L. Kubocki, vice president.

Added in Menomonie

D. Paul Jennings has joined First Bank & Trust, Menomonie, as commercial lending officer. He was previously vice president of the Onsgard State Bank in Spring Grove, Minn.

WISCONSIN NEWS...
(Turn to page 39, please)

In Wisconsin, Bill Meyer's got you covered.



Meet Bill Meyer, Norwest's Correspondent Banker for Wisconsin. When you have correspondent banking needs, he's a good person to know. Bill makes it his business to understand the special needs of community banks. And he wants to do business with

you. Talk to Bill about our complete line of specialized correspondent banking services. When it comes to correspondent banking, he's got you covered.

NORWEST BANKS
CORRESPONDENT BANKING

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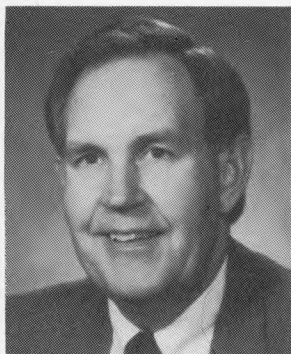
Member FDIC

Norwest Bank Minnesota, N.A.

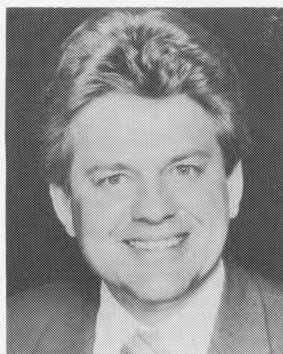
"The Extra Mile— A Commitment to Soundness and Service in Banking"

1988 Annual North Dakota Bankers Association Convention

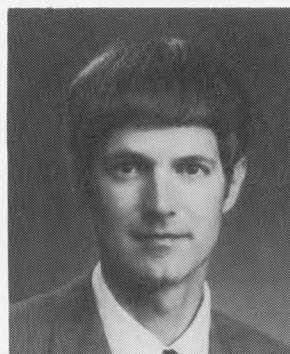
June 13-14
Grand Forks Auditorium



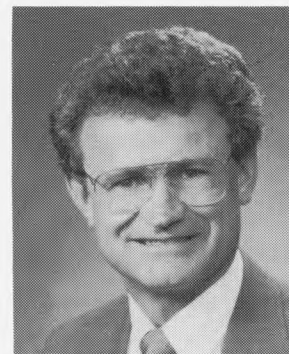
JOHN PIERSON
President



ROGER BERGLUND
President-Elect



HARRY J. ARGUE
Exec. Director



KEN RENO
V.P./Treasurer

THE NDBA Annual Convention will be held June 13-14 at the Grand Forks Civic Auditorium. This year's theme is "The Extra Mile—A Commitment to Soundness and Service in Banking."

NDBA President John W. Pierson, chairman of Norwest Bank North Dakota, Bismarck/Mandan, has been assisted this past year by President-Elect Roger Berglund, president of Dakota Western Bank, Bowman; Vice President/Treasurer Ken Reno, president, United Bank of Bismarck, and NDBA Executive Director Harry Argue.

Featured speakers include C.C. Hope, FDIC director; Mark Olson, former ABA president, and Douglas Kiker of NBC News.

For the first time this year, NDBA is offering convention registrants the chance to participate in a two mile "fun run" along the Red River. To supplement the Monday night opening dinner, a two and a half hour casino cruise on the "Dakota Queen" is being offered to the first 150 registrants. Entertainment for the Tuesday night banquet will be the Castle Family, who present a variety of music, comedy and dancing in their delightful program.

The complete convention schedule follows:

Monday, June 13

A.M.

- 7:30 Two mile fun run.
- 8:30 UND Aerospace Tour
- 10:00 Men's and Women's Golf Tournaments.

P.M.

- 2:00 Registration opens.
- 6:00 President's Reception. University of North Dakota Instrumental Group.
- 7:00 Opening Night Dinner.
- 9:15 Dakota Queen Riverboat Casino Night Cruise.

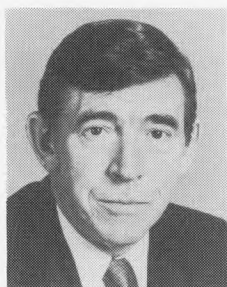
Tuesday, June 14

A.M.

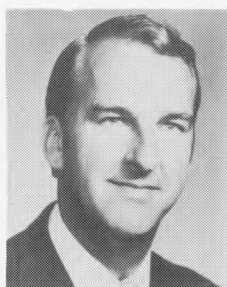
- 7:30 Prayer breakfast.
- 9:00 General session. "A View from the FDIC"—C.C. Hope, FDIC director.
- 10:30 Address—John R. Powers, dist. admin., Midwestern District, Comptroller of the Currency, Kansas City, Mo.
- 11:00 "North Dakota: Leading the Revolution of the Future,"—Dr. David C. Webb, chmn., Space

NORTH DAKOTA PROGRAM. . .

(Turn to page 37, please)



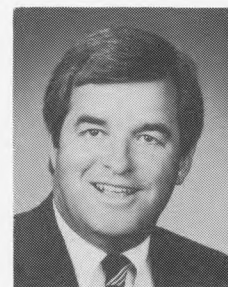
D. KIKER



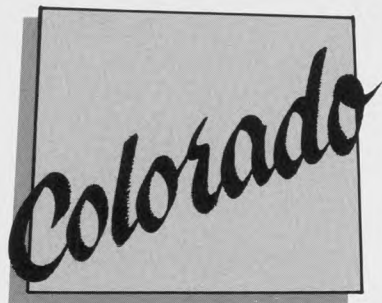
R. SAMP



C.C. HOPE

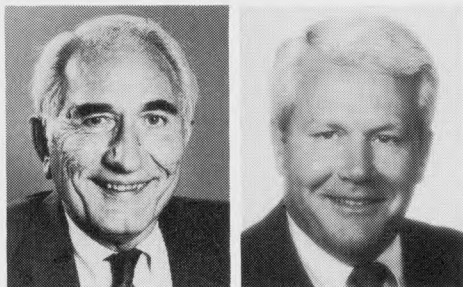


M. OLSON



Robert Krane Elected CEO of Central Bancorporation

Donald D. Hoffman, CEO and chairman of Central Bancorporation, Inc., Denver, has stepped down as CEO effective June 1. Robert A. Krane, previously chief operating officer and president of the company, has been elected CEO. Mr. Hoffman will continue as chairman of the corporation and as CEO and chairman of Central Bank of Denver.



D. HOFFMAN

R.A. KRANE

This is the first step toward Mr. Hoffman's full retirement, which is planned for November of this year.

Mr. Krane came to the company from Norwest Corporation in Minneapolis in 1986, where he most recently served as vice chairman and director. While at Norwest, he also served as president and director of Norwest Bank Des Moines, president and director of Norwest Bank Omaha, and president and director of Norwest Corporation.

United Banks Elects Officers

United Banks of Colorado, Inc. has announced the appointment of Michael J. Fowles to senior vice president—credit administration and John F. Falkenberg to vice president and director of planning for both the company and for United Bank of Denver.

Mr. Fowles joined the Denver bank in 1968. He has been a manager in operations, personal banking, metropolitan banking, correspondent banking, national corporate banking, real estate banking, and most recently served as an executive vice president overseeing energy and minerals commercial banking. He has chaired United Bank of Denver's loan committee since 1983 and is a director of United Bank of Lakewood.

Prior to joining United Bank of Denver in 1981, Mr. Falkenberg was president of United Mortgage Company. He has managed the money market desk at United Bank of Denver and has been responsible for asset/liability planning and liquidity management as well as bankwide strategic planning.

The corporation has also announced that Robert A. Maynard was elected to its board of directors. He is president of Aspen Skiing Company, Aspen.

Promoted in Englewood

First Interstate Bank of Englewood, N.A., has appointed Karen Lind vice president. Ms. Lind has been associated with First Interstate Bank of Englewood since 1980.

Norwest Names V.P.

Norwest Bank Minnesota has promoted Michael W. Krutsch to vice president and manager of its Denver office. He was vice president of the consumer products division of corporate banking for Norwest Bank Minnesota, based in St. Paul.

Mr. Krutsch's primary responsibility will be to expand Norwest's corporate banking business beyond the energy and agriculture markets that Norwest has served in Colorado since 1982.

Mr. Krutsch is a former Colorado resident. He spent four years with the Heritage Bank in Beloit, Wis. before joining Norwest in 1982.

Added in Estes Park

Mark L. Holdt has joined First National Bank of Estes Park as vice president. He was previously corporate banking officer at National Bank of Commerce in Lincoln, Neb., where he spent the last six years. His primary responsibilities at First National will be in lending.

United Bank of Denver Promotes Five

At United Bank of Denver, Richard A. Havey, Lenore A. Martinez and Nell P. Stallings were named assistant vice presidents, Karen M. Bergert was promoted to asset management officer and Lydia O. Sletvold was named international banking officer.

Mr. Havey and Ms. Martinez both work in asset management services, and joined the bank in 1985 and 1987, respectively. Ms. Stallings manages corporate accounting in corporate operations and joined the bank in 1981.

Ms. Bergert is a systems support specialist in asset management services. Ms. Sletvold works in international banking.

United Banks Approves Shareholder Rights Plan

United Banks of Colorado, Inc. has announced that its board of directors approved a Shareholder Rights Plan designed to ensure that all of its shareholders receive fair and equal treatment in the event of any proposal to acquire control of the company.

N. Berne Hart, chairman and CEO, said, "This action by our board increases its ability to effectively represent the interests of all shareholders in the event of an unsolicited takeover attempt." He added that the action was not in response to any specific effort to gain control of the company and that he was not aware of any such attempt.

Convention Update

At the time this issue was going to press, the Colorado Bankers Association was holding its Annual Convention at the Broadmoor Hotel in Colorado Springs.

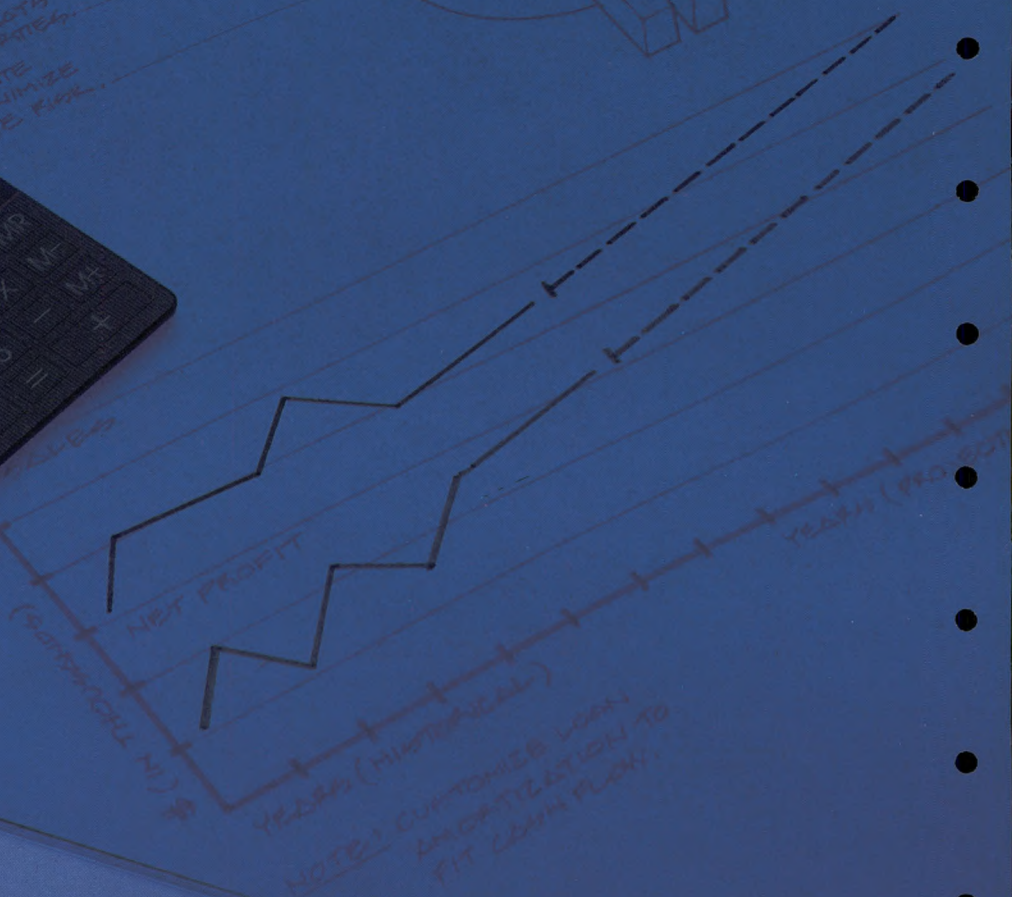
Dave Scruby, chairman and CEO of Evergreen National Bank, Evergreen, was scheduled to advance as president of the association, succeeding Jon Coates, chairman, Century Bank of Denver.

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

CUSTOMIZED LOAN PARTICIPATION III

1. HAVE LOAN FLEXIBLE TO ALLOW FOR EXPANSION/GROWTH.
2. HAVE CLOSELY WITH PARTICIPATING BANK.
3. STRUCTURE PAYMENT TO MEET REQUIREMENTS OF PARTICIPATING BANK.
4. DETERMINE PRICING THAT ATTRACTIVE TO ALL PARTIES.
5. EXPLORE FIXED-RATE FINANCING TO MINIMIZE CUSTOMER RATE RISK.

Notes: ① Determine the quantity of loans to be made. ② Determine the amount of the loan. ③ Determine the rate of interest. ④ Determine the term of the loan. ⑤ Determine the size of the loan.



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Build strong customer relationships—and lay the groundwork for profitable banking—with credit services from First Wisconsin.

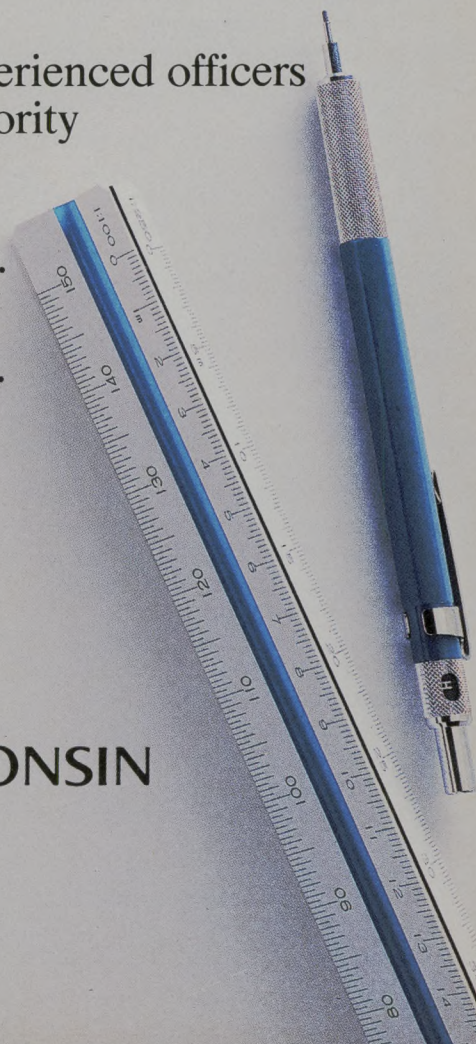
Use our full range of financing tools to offer your customers maximum flexibility. Whether their credit needs are simple or complex, we'll help you structure competitive loan packages.

You'll work closely with experienced officers who have the knowledge and authority to respond quickly to your needs. And as the lead bank, *you* retain the relationship with your customer.

Draw on the credit services designed to help you build profits. Call First Wisconsin today at (414) 765-4459.

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FIRST WISCONSIN
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WYOMING bankers will be "Working Together" when they meet for their annual convention on June 12-14 at Jackson Lake Lodge in Moran. Presiding over the meeting will be WBA President William H. Ruegamer, president of First Interstate Bank, Sheridan. He is slated to be succeeded in that office by Auburn W. Dowdy, chairman, Wyoming National Bank, Cheyenne. Executive Director of the association is Gretchen Tea.

Keynote address will be given by Wyoming Governor Mike Sullivan. University of Colorado marketing professor Phillip White will speak, along with ABA President-Elect Thomas P. Rideout and Henry Czerwinski of the Kansas City Fed.

The usual fine recreational activities will be offered. Monday there will be a ladies' champagne picnic cruise. On Tuesday attendees may enjoy golf tourneys, a tennis clinic, fishing derby and scenic float trip. Tuesday evening will be "Western Night," featuring a "grown-in-Wyoming" dinner and entertainment by the Saw Mill Creek Band.

The complete program follows:

Sunday, June 12

P.M.

- 1:00 Registration opens.
- Evening open for private parties.

Monday, June 13

A.M.

- 7:30 Registration opens.
- President's breakfast.
- 8:30 Business session, opening ceremonies.
- 9:00 Keynote address—Wyo. Governor Mike Sullivan.
- 9:30 "Three Steps to Improve Retail Profits"—Phillip White, Ph.D., assoc. prof. of mktg., U. of Colo., Boulder.
- 10:30 "Central Filing: Anatomy of a Murder"—Kathy Karpan, Secy. of State.
- 11:00 Annual membership meeting.

P.M.

- 12:15 Joint luncheon—"A Funny Thing Happens on the Way to the Bank—John Harlin, pres., Bank of Gainesville, Mo.
- 1:45 Info on WBA's new group medical insurance program.
- 2:00 "The Future of Community Banking"—Thomas Rideout, ABA pres.-elect.
- 2:30 "The Wyoming Economy—Building for the Future"—Henry Czerwinski, 1st v.p., Fed. Res. of Kansas City.
- 3:00 "Lender Liability Update"—William Thomson and Perry Dray, counsel for WBA.
- 3:20 Regulators' Panel.
- 4:20 Adjournment.
- 6:30 President's Reception.
- 7:30 President's Banquet.
- 9:30 Dancing to The Sawmill Creek Band.

Tuesday, June 14

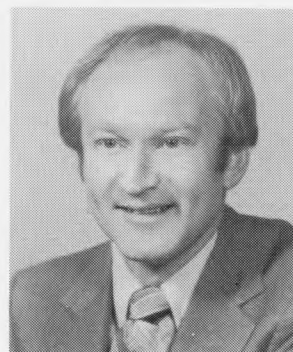
P.M.

- 6:30 Celebrate Wyoming Cocktail Reception. ☐

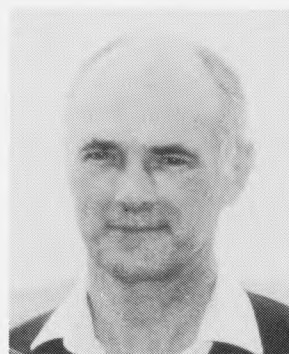
"Working Together"

80th Annual Wyoming Bankers Association Convention

June 12-14
Jackson Lake Lodge, Moran



WILLIAM RUEGAMER
President



AUBURN W. DOWDY
First Vice Pres.



GRETCHEN TEA
Exec. Director

You Will See Them at the Wyoming Bankers Convention

The following metropolitan bankers and service and equipment dealers have indicated they will be attending the annual convention of the Wyoming Bankers Association in Moran on June 12-14:

Denver

Colorado National Bank: Scott Page.

Minneapolis/St. Paul

Norwest Bank Minnesota: Charles A. Sell, Jr., commercial bank rep.

Norwest Technical Services: William H. Brewer, regional sales manager.

Bank Equipment and Other Firms
Kansas Bankers Surety Co., Top-eka: Don Towle, president.

Modern Banking Systems, Inc., Omaha: Gary Moore, MBS, Cheyenne; Bill Pierce, MBS, Omaha.

Affiliated Reports Earnings

Affiliated Bank Corporation has reported its financial results through March 31, 1988. R. W. Miracle, president and CEO, said, "For the first quarter of 1988, Affiliated is reporting net income of \$606,000, or 51 cents per share, compared with \$534,000, or 45 cents per share, earned in the first quarter of 1987."

The company has been profitable for three consecutive quarters. Its loans of \$204.4 million have decreased \$22.1 million from one year ago. Non-performing loans decreased from \$23.4 million to \$13.7 million. Net loan chargeoffs are down from \$5.4 million to \$488,000 and the provision for loan losses is down from \$413,000 to \$270,000 compared to the same period last year.

Mr. Miracle said, "Overall we feel confident that 1988 will see a major turnaround for Affiliated, and we expect it to be a profitable year."

Appointed in Casper

Wyoming National Bank Casper has announced several staff changes.

Joe M. Sprecher has joined the bank as vice president and manager of the real estate mortgage department.

David W. Perino and Mark S. Ramsdell have been promoted to vice presidents and commercial loan officers. Mr. Perino joined the bank

in 1986 and is responsible for commercial and small business lending. Mr. Ramsdell joined the bank in 1985 and has had much commercial lending experience.

Wayne Fowler has joined Wyoming National as assistant vice president and commercial loan officer. He previously served as a private consultant to real estate investors in Norman, Okla.

Dory Graf has been promoted from assistant trust officer to trust officer. Diane K. Legerski was appointed personal banking officer at Wyoming National Bank Casper East. Both women joined the bank in 1980.

NORTH DAKOTA PROGRAM... (Continued from page 32)

- Studies, U. of N. Dak. Aerospace Center, Grand Forks.
- 11:30 NDBA Annual Business Meeting.
- P.M.**
- 12:30 Joint luncheon. Golf awards. "Life and Health are Looking Up!"—Dr. Robert Samp, U. of Wis. Medical Center, Madison, Wis.
- 2:00 Address—Mark Olson, 1986-87 ABA pres.
- 3:00 "Washington: A View of the Future This Election Year"—Douglas Kiker, NBC News national affairs correspondent.
- 6:30 Reception. Music by The Valley Chordsman Quartet, Grand Forks.
- 7:45 Convention Banquet. Entertainment by the Castle Family. □

You Will See Them at the NDBA Annual Convention

The following metropolitan bankers have indicated they will be attending the annual convention of the North Dakota Bankers Association in Grand Forks on June 13-14:

Bismarck

Norwest Bank: L. Kenneth Erickson, vice president.

Fargo

Norwest Bank: John Holm, vice president.

Minneapolis/St. Paul

American National Bank: James

A. Russell, vice president; Gregory A. Larson, correspondent banking officer.

First Bank, N.A.: Ken Wales, senior vice president/advisor; Ken Bezdicek, Mike McArdell and Jack Quitmeyer, vice presidents.

Marquette Bank: Mark Schabert, Jack Campion and Minnie Schroeder, vice presidents; Richard Holmes, assistant vice president.

NIISI: Timothy R. Skildum, senior vice president; James R. Holker, vice president; David B. Butterwick, assistant vice president.

Norwest Bank Minnesota, N.A.: Robert L. Rasmussen, vice president.

Norwest Technical Services: William H. Brewer, regional sales manager.

Added in Fargo

First Bank Fargo has announced that Marshall MacKay has joined the management team at the bank as vice president and product group manager.

Mr. Mackay previously served as vice president and loan and administrative services manager for FBS Services—Regional Community Banking in Minneapolis.

Rich Schirber will manage loan and administrative services in addition to his current responsibilities as vice president and transaction processing manager.

Two Named in Valley City

At First National Bank of Valley City, Deborah Koeplin has been named vice president and ag loan manager, and Kirby Josephson has been named assistant vice president and marketing officer.

Ms. Koeplin joined the bank in 1977. In 1981 she was named assistant vice president and marketing officer, and has been an ag loan officer for the last 11 years.

Mr. Josephson spent the past year as a field representative for the Bank of North Dakota. Prior to that he was the Barnes County extension agent for three years.

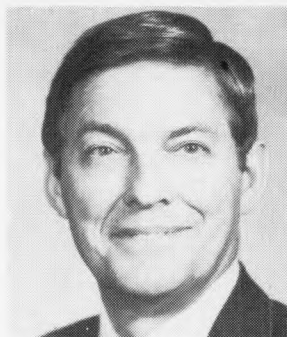
Elected in Cut Bank

Delwin Gage has been elected a director of First National Bank, Cut Bank, a newly created position. Mr. Gage has been a state senator for three sessions and has been an accountant for most of his career.

"Working Together"

84th Annual Montana Bankers Association Convention

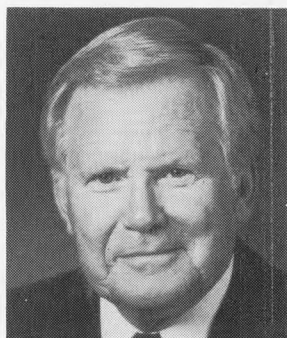
June 21-24
Outlaw Inn, Kalispell



JAMES BENNETT
President



LYNN GROBEL
Vice President



ED JASMINE
Treasurer



JOHN T. CADBY
Exec. Vice Pres.

MONTANA bankers will gather for their 85th Annual Convention on June 21-24 at the Outlaw Inn in Kalispell. Presiding over the gathering will be MBA President James Bennett, president of First Citizens Bank Billings. He has been assisted this year by Vice President Lynn Grobel, president of 1st National Bank of Glasco; Treasurer Ed Jasmine, president of Norwest Bank Helena, and Executive Vice President John T. Cadby.

Theme for this year's convention is "Working Together." Keynote speaker will be Dr. Arthur B. Laffler, member of the Economic Policy Advisory Board to the President, member of the Policy Committee and the board of directors of the American Council for Capital Formation, editor of the Marcel Dekker, Inc. series on Economics, Finance and Business, and a contributing editor to Conservative Digest.

The complete program follows:

Tuesday, June 21

P.M.

- 12:00 Executive Committee Meeting.
- 2:00 MBA and MBA Services Board Meeting.
- 4:00 BankPac Trustee Meeting.

Wednesday, June 22

A.M.

- 7:30 Men's 18-hole golf scramble.
- 8:30 Women's 9-hole golf scramble.
- 9:30 Mixed doubles tennis tournament.

P.M.

- 12:00 Golfers luncheon buffet.
- 6:00 "Out of Africa" Buffet Reception.

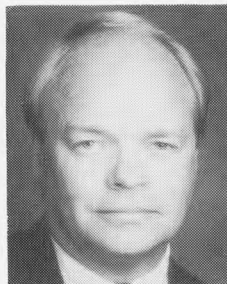
Thursday, June 23

A.M.

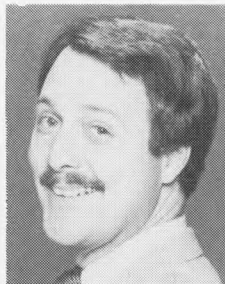
- 7:30 Light breakfast.
- 8:00 Operation Patriotism, Montana Air National Guard, Great Falls.
- 8:30 "The Challenge of Quality Service"—Dr. James H. Donnelly, Jr., U. of Ky., Lexington.
- 9:30 Future Issues Report—Thomas Rideout, ABA pres.-elect, vice chmn., First Union Bank, Charlotte, N.C.
- 10:30 "The New Age of Banking"—Kent Stickler, pres., Financial Shares, South Clearwater Beach, Fla.
- 11:30 "Who's Writing Our Laws?"—George Bennett, MBA Counsel, Helena.



A. LAFFLER



C.D. WHITE



M. BROOME



J. DONNELLY, JR.



K. STICKLER



T. RIDEOUT

P.M.

12:00 Pacific Coast Banking Schools 50th.

12:10 Annual Membership Meeting.

1:30 Special interest sessions:

"How to Become a Sales Bank"—Kent Stickler.

"Investment Strategies—Increasing or Decreasing Risk"—Charles D. White, s.v.p., Norwest Corp., Minneapolis.

5:30 Buffet Reception.

Friday, June 24

A.M.

7:30 25 Year Club No-Host Breakfast. "The Cul-

P.M.

12:00 Adjournment.

You Will See Them at the Montana Bankers Convention

The following metropolitan bankers and service and equipment dealers have indicated they will be attending the annual convention of the Montana Bankers Association in Kalispell on June 21-24:

Bismarck

Norwest Bank: L. Kenneth Erickson, vice president.

Minneapolis/St. Paul

American National Bank: James A. Russell and Richard E. Pringle, vice presidents; Donald R. Lindeman, assistant vice president; Robert L. Rosenberg, investment officer.

First Bank, N.A.: Ken Wales, senior vice president/advisor; Ken Bezdicek, Al Highum, D.D. Lee, Darryl Nelson and Dolores Walstrom, vice presidents.

Marquette Bank: Mark Schabert and James Kammerer, vice presidents; Richard Holmes, assistant vice president.

NISI: Timothy R. Skildum, senior vice president; Thomas E. Gormley, assistant vice president.

Norwest Bank Minnesota, N.A.: John P. Sampson, senior vice president; Larry M. Lange, assistant vice president.

Norwest Technical Services: William H. Brewer, regional sales manager.

Bank Equipment and Other Firms
Modern Banking Systems, Inc., Omaha: Gary Moore, MBS, Cheyenne.

Promoted in Billings

Keith Loran has been promoted to assistant vice president—industrial and indirect lending at First Interstate Bank of Billings. He started with the bank in 1984 as an industri-

al loan representative and was industrial loan officer prior to his promotion. He had been office manager for Norwest Financial Services in both Missoula and Billings prior to joining First Interstate.

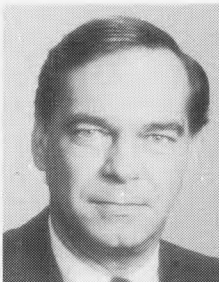
Appointed by Record Data

Record Data, a subsidiary of TRW Inc., has announced the appointment of Patricia M. McKean to staff appraiser at its Wisconsin Statewide Service Center in West Allis. She has been with Record Data since October of 1987.

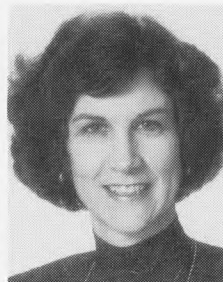
WISCONSIN NEWS... (Continued from page 31)

WBA Reorganizes, Names Officers

Bryan K. Koontz has been named president and chief executive officer of the Wisconsin Bankers Association, in a recent reorganization of the association. He had been executive director.



B.K. KOONTZ



S.K. LINCK

Susan K. Linck was named executive vice president and manager of the member services division. Arnold Berg, Kim Kindschi, Richard Gaul and Susanne Nettesheim were named senior vice presidents.

Mr. Berg is also president of Employee Benefits Corporation and

WBA BancInsure Agency, WBA subsidiaries. Ms. Kindschi is also manager of the Education Products Division. Ms. Nettesheim is legal counsel. Mr. Gaul is president of WBA Financial Institutions Products Company, also a subsidiary.

According to Mr. Koontz, the new organizational structure was designed to allow WBA to more efficiently serve the long-term needs of its membership in the rapidly changing financial world.

Valley Banks Announce Staff Changes

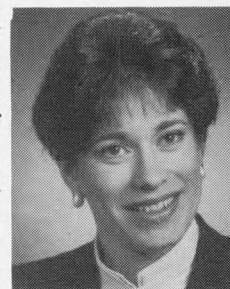
Valley Banks have announced several staff changes:

Jerra E. Gradel has been promoted to real estate officer at Valley First National Bank of Beaver Dam. She has been with Valley for five years, most recently as assistant real estate loan officer at the Beaver Dam bank.

Sharon S. Horning has been appointed operations officer at Valley Systems, Inc.'s Madison Area Data Center in Sun Prairie. She has previously been employed by First Wisconsin, Madison, the Bank of Middleton, and Community Banks, Inc. in Madison.

Promoted in New Richmond

According to Richard J. Schurtz, the Bank of New Richmond has announced the appointment of Janice M. Fernstrom to the position of cashier. Ms. Fernstrom joined the bank in 1973 as a bookkeeper and most recently served as internal auditor.



J.M. FERNSTROM



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easy to manage.**

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more challenging.**

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Federal Reserve Bank of St. Louis



LEADERSHIP for the Nebraska Bankers Assn. for 1988-89 is pictured here, left to right: Immed. Past Pres.—**Donald E. Blaha**, pres. & ceo, 1st Natl., Ord; Pres.—**Harley D. Bergmeyer**, pres., Saline State, Wilber; Pres.-Elect—**James F. Nissen**, chmn. & ceo, Vistar Bank, Lincoln, and Exec. V.P.—**Stan Matzke, Jr.**, Lincoln.

Harley Bergmeyer is Elected Nebraska Bankers Assn. President for 1988-89

By **BEN HALLER, JR.**
Publisher

AT THEIR 91st annual convention at the Red Lion Inn in Omaha last month, members of the Nebraska Bankers Association elected Harley D. Bergmeyer as their president for 1988-89. Mr. Bergmeyer, 46, succeeds Donald E. Blaha, president, First National Bank of Ord. Mr. Bergmeyer is president and chief executive officer of Saline State Bank in Wilber.

NBA delegates also named James F. Nissen, chairman and chief executive officer of Vistar Bank in Lincoln, as president-elect for the coming year.

Mr. Bergmeyer has been a Nebraska banker for 20 years. Prior to

joining Saline State Bank in 1976, he had served as president of Citizens State Bank in Dorchester for one year and as vice president of the Farmers State Bank of Clatonia, where he also managed the bank's insurance agency.

Mr. Nissen joined National Bank of Commerce in Lincoln following his graduation from the University of Nebraska, working there 28 years and serving as president from 1977-82. When he left NBC he became president of Gateway Bank, Citizens State Bank and Lincoln Bank East, all of Lincoln, which merged in 1986 to become Vistar Bank.

Task Force Being Appointed

In his brief acceptance address,

Mr. Bergmeyer said he will pursue two important goals for the NBA in the coming year. First will be legislation to allow banks to remain the primary providers of financial services to the general public. His second effort will be to appoint immediately a Task Force of approximately a half-dozen bankers to study the Federal Savings & Loan Insurance Corporation situation and make recommendations for resolution of FSLIC's heavy problem. Mr. Bergmeyer said he would then present the Task Force findings and NBA Executive Council recommendations to Nebraska's Congressional delegation.

President's Report

In his President's Report to the membership, Mr. Blaha said he had traveled 120,000 miles by plane and car during 200 days on behalf of NBA work in the past two years. He cited the creation of the federal Secondary Market for long-term ag real estate loans as an accomplishment that was achieved through the unity of bankers. He especially paid tribute to four Nebraska bankers who had a strong hand in that accomplishment—Mel Adams, president, Adams Banks, Ogallala, and Kelly Holthus, president, First National Bank, York, both of whom are past presidents of NBA, and Tom Olson, president, Lisco State Bank, and H.L. Bud Gerhart, president, First National Bank, Newman Grove, both past presidents of the Independent Bankers Association of America. All four served on the Joint Task Force of ABA and IBAA formed two years ago by ABA, which invited IBAA to make it a joint effort.



LEFT—NBA member insurance services are served by these professionals, left to right: **Bill Osterberg**, pres., Jones & Osterberg Co., Omaha; **Dave Abendroth**, sr. v.p., Kansas Bankers Surety, Topeka; **Cathy Kohmetscher**, adm. asst., Nebraska Bankers Insurance Services Co. (NBISCO); **Steve McKelvey**, exec. mgr. NBISCO, Lincoln, and **Don Towle**, pres., Kansas Bankers Surety, Topeka. **RIGHT**—The NBA staff did a super job on pre-convention planning, as well as handling a myriad of details smoothly and professionally during the convention. Those present for this picture are, from left: **Karen Miller** (dir. of educ.), **Karen Yelden**, **Tammy Glunz**, **Cathy Kohmetscher**, **Carrie Bordenaro**, **Ron Arrigo** (conf. dir.), **Kelle Lambert**, **Susan Kruger**, **Claudia Russell** (office mgr.) and **Nancy Mattison**. Not present for photo were **Mary White**, busy with her duties as dir. of communic., Genl. Counsel **Bill Brandt** and Exec. V.P. **Stan Matzke**.

Mr. Blaha also paid special tribute to Kelly Holthus, since Kelly was selected recently as president-elect designee for the ABA at the election to be held in Honolulu this next October. He also paid high tribute to NBA General Counsel and lobbyist Bill Brandt for his leadership in the state legislative arena. The effort to enact mandatory mediation was defeated in favor of voluntary mediation, with Mr.

Brandt's able leadership. In addition, a 9 percent usury proposal was bottled up in committee. Another bill defeated was one that "would have pooled our municipal bond business under NIFA," said Mr. Blaha. He added, "It would take only a minor amendment to turn NIFA into a state-run bank, which we don't want or need."

Interstate banking was finally authorized in Nebraska this year.

"Now that that divisive structure issue is behind us," he said, "we can look forward to once again being united in our state legislative efforts."

Mr. Blaha pointed out that "Our educational program saw over 5,000 bankers take part in 21 NBA-sponsored conferences." Other efforts included involvement in economic development, conferences on public sector financing, the Len-



SHOWN at 1st Natl. of Omaha reception in these two photos, from left to right, are: **Phoebe** and **Art Fritson**, pres., State Bank of Hildreth; **Bill Henry**, exec. v.p., 1st of Omaha; **Hermine** and **Chuck Leffler**, chmn. & ceo, Security Natl., Sidney; **Frank Tolsted**, pres., Guardian State B&T, Alliance; **Roger Weiss**, pres., Commercial Natl., Ainsworth, and **Janice**; **Gerry Tomka**, v.p., 1st of Omaha, and **Dick Stull**, pres., Bridgeport State.



ENJOYING breakfast on the Terrace at 1st Natl. of Omaha adjoining the convention hotel were, from left: **Cynthia Milligan**, Nebr. dir. of bkg., Lincoln; **Bud Gerhart**, pres., 1st Natl., Newman Grove; **A.C. Skip Hove**, chmn., Minden Exchange B&T, Minden, and **Ellan**, with hosts **Gretchen** and **Phil Giltner**, vice chmn., 1st of Omaha. **RIGHT**—**Martha** and **Tom Rideout**, pres.-elect of the ABA and vice chairman, First Union National Corp., Charlotte, N.C., were greeted by **Virginia** and **Kelly Holthus**, recently named ABA pres.-elect designee, and NBA Pres. **Don Blaha**.



LEFT—**Richard Rasdall, Jr.**, sr. v.p., Federal Reserve Bank, Kansas City, with **Betty** and **John Cochran**, pres., Norwest Bank Nebraska, Omaha. **RIGHT**—**Bob Zaback** (left), sr. v.p., fin. inst. gp., Norwest Bank Nebraska, Omaha, visits with two associates staffing Norwest Technical Services of Minneapolis booth. From left, the others are: **Mike McDermott**, acct. mgr., and **John Reynolds**, reg. sales mgr., Mpls.

NBA OFFICERS 1988-89

President: Harley D. Bergmeyer, president, Saline State Bank, Wilber.

Pres.-Elect: James F. Nissen, chairman and CEO, Vistar Bank, Lincoln.

Immed. Past Pres.: Donald E. Blaha, president, First National Bank, Ord.

Exec. V.P.: Stan Matzke, Jr., Lincoln.

New Executive Council Members
(Terms expire 1991)

Gp. 1: Rodney P. Vandenberg, president, First National Bank & Trust Co., Falls City.

Gp. 3: Gary R. Condon, president, Pender State Bank, Pender.

Gp. 4: Don A. Brockmeier, executive vice president, Farmers State Bank, Eustis.

Gp. 5: Dale E. Pohlmann, president, The Ravenna Bank, Ravenna.

Gp. 6: Frank L. Tolstedt, president, Guardian State Bank & Trust Co., Alliance (reelected).

Gp. 7: Dennis A. O'Neal, executive vice president, First National Bank, Omaha (reelected).

Gp. 7: Tim Coughlon, president, Norwest Bank Nebraska/Millard (appointed to fill

a council vacancy).

Gp. 8: Ross E. Hecht, president, Lincoln State Bank, Lincoln.

Gp. 8: Dale L. Young, executive vice president, FirstTier Bank, Lincoln.

NETS (two-year terms)

Loren R. Anderson, executive vice president, National Bank of Commerce, Lincoln.

Jim Guretzky, SAC Federal Credit Union. Tom Cooper, vice president, FirstTier Bank Omaha.

Mike Krzywicki, vice president, Norwest Bank Nebraska, Omaha.

Bob Frerichs, vice president and comptroller, First National Bank & Trust Co., Columbus.

Dana Henriksen, president, Vistar Bank, Lincoln.

Harold Stuckey, president, Lexington State Bank & Trust Co., Lexington.

Jack McDermand, president, McDonald State Bank, North Platte.

Louis Titus, president, First National Bank, Holdrege.

Ken Brooke, Occidental/Nebraska Federal Savings Bank, Omaha.

der Commitment Program, and support for the Governor's Office on a public service advertising campaign for Nebraska that is now widely acclaimed.

Also during the business session,

the Articles of Incorporation of NBA were amended to allow bankers to succeed themselves for a second term on the NBA Executive Council.

In addition, it was announced that

the NBA is adding an Agricultural Lending School to its curriculum and details of that school will be sent to all banks at once.

First Session Speakers

John Palmer, news anchorman on NBC's "Today" show, was the leadoff speaker. He reviewed the Presidential race candidates, giving his insights into details about the individuals and their campaigns.

ABA President-Elect Thomas P. Rideout, vice chairman, First Union Corporation, Charlotte, N.C., discussed "Banking Reform and the Future of Community Banking." He called upon Nebraska bankers to support the effort to get a favorable bill drafted and passed through the House of Representatives, now that the Senate has passed 94-2 a bill that broadens securities powers for banks. He reviewed a five-point ABA legislative strategy: 1. Help Congress to understand banking's need to be a competitive player and get laws passed to that effect. 2. Do the same at the state level. 3. Work in the regulatory arena for their support for a pro-competitive tilt to their policy-making decisions. 4. Become more pro-active in the



At Natl. Bk. of Commerce during Hospitality Night party are, from left: **Lyle Davis**, sr. v.p., NBC; **Ron Krejci**, pres., First State, Hickman, and **Dorothy, Candy and Tom Henning**, pres., NBC; **Jack Selzer**, pres., Scottsbluff Natl.; **Mike Jacobson**, sr. v.p., NBC, and **Bud Gerhart**, pres., 1st Natl., Newman Grove.



LEFT—Charles Thacker, FDIC reg. dir., Kansas City; **Cynthia Milligan**, Nebr. dir. of bkg.; **Meg Seidman** and her father, **L. William Seidman**, FDIC chmn., Washington, D.C.; **Harley Bergmeyer**, incoming NBA pres., and **Don Blaha**, retiring NBA pres. **RIGHT—Tom Henning** (second from left), pres., Natl. Bank of Commerce, Lincoln, visits with four officers of United Mo. Bk. of Kansas City, from left: **Dick Muir**, v.p.; **Phil Straight**, exec. v.p.; **Lyle Wells**, vice chmn., and **Alexander Kemper**, a.c.



courts. This has paid off for "we are 10 for 10 against the securities industry." 5. Concentrate on the media to understand our arguments for a free and open marketplace.

Luncheon speaker Jeanne Robertson showed by the evidence of her delightful, humor-filled presentation the truth of her chosen speech title, "Using Humor As a Strategy for Success in Banking—or for Success Married to a Banker." Her audience involvement "beauty contest" with several past president bankers taking part was a show-stopper!

Second Session Speakers

FDIC Chairman **L. William Seidman** talked about legislation, a potential merger of the FDIC and FSLIC funds, and a new FDIC study designed to improve the insurance situation in the 1990s.

He supports expanded powers bills being discussed by Congress, but said he feels they have faults in them by restricting banks unnecessarily. He said he had just learned that day that the General Accounting Office reported that the FSLIC deficit has doubled from over \$6 billion to \$13 billion, which

AWARDS

50-Year Bankers

R.K. (Dick) Armstrong, Sr., chairman executive committee, Minden Exchange Bank & Trust Co., Minden.
Gerald H. TeKolste, executive vice president and cashier, State Bank of Firth.

100-Year Banks

Alliance National Bank and Trust Co.
Seven Valleys State Bank, Callaway
Citizens Bank and Trust Co., St. Paul
First National Bank, Schuyler
Shickley State Bank, Shickley
The Tilden Bank, Tilden
First National Bank, Unadilla

NBA Exec. Council outgoing members:

Glenn M. Adair, Springfield State Bank, Springfield.
Mel Adams, Adams Bank & Trust Co., Ogallala.
Alice Dittman, Cornhusker Bank, Lincoln.
Eldon R. Fox, Plainview National Bank, Plainview.
Dennis A. O'Neal, First National Bank, Omaha.
Homer Pierce, Seven Valleys State Bank, Callaway.
Orrin A. Wilson, FirstTier Bank, Lincoln.
Charles T. Undlin, Norwest Bank Nebraska, N.A., Omaha.

NBA Committees outgoing chairmen:

Bank Management: Mike Dusenbery,
Pickrell State Bank, Pickrell.

Bank Marketing: Frank L. Bruning, Bruning State Bank, Bruning.

Correspondent Banking: Gary Bieck, FirstTier Bank Lincoln.

Lending: Phil Burns, Farmers & Merchants National Bank, West Point.

Personal Economics Program (PEP):

Vickie Clements, Lexington State Bank, Lexington.

Lynn Feuerback, Packers Bank & Trust, Omaha.

Gary Gannon, FirstTier Bank, Grand Island.

Kathleen Keenan, First National Bank, North Platte.

Carolyn Sharp, FirstTier Bank, Lincoln.

Associate Membership Award:

Bailey Lewis & Associates, Inc., Lincoln.

Secondary Market Award (in recognition of outstanding leadership in establishment of Farmer Mac):

C.G. "Kelly" Holthus, president, First National Bank, York.

Mel Adams, chairman and president, Adams Banks, Ogallala.

Thomas H. Olson, president, Lisco State Bank.

H.L. "Bud" Gerhart, Jr., president, First National Bank, Newman Grove.

NetWorks outgoing directors:

Ed O'Boyle, Five Points Bank, Grand Island.

Bob Wentz, First State Bank, Scottsbluff.



LEFT—Dee Leonard, disaster recovery spec., and **Tom Shambo**, pres., Founders Financial Service, Inc., Lincoln. **RIGHT—Hosts at NBC/Computer Services Corp. booth** were **Ginny Davis**, tech. support spec., and **Rich Gilbert**, a.v.p./mktg.



LEFT—Warren Johnson (second from right), vice chmn., Stromsburg Bank, has Brandt's newest electronic money counting machine demonstrated by Brandt of Omaha staff personnel, from left: **Mark Grimes**, sales mgr.; **Rod Sheffield**, sales rep./Nebr., and **Scott Grimes**, sales rep. **RIGHT—Representing 1st Natl. of Omaha at First Integrated Systems exhibit** were: **Mike Dooley**, natl. mktg. dir.; **Janette Fiedler**, mktg. rep.; **John Furrow**, 2nd v.p., and **Mike Foutch**, mktg. rep.



creates a problem not only for savings and loans, but for banks as well. "We have close to 500 insolvent institutions (s&ls) competing in the marketplace," Mr. Seidman said, "and this is a problem any of us in an insured depository institution should be concerned with. I've heard Danny Wall (chairman FHLBB) say it would require a rescue of \$17 to \$23 billion, while others have said it would require double that figure of \$23 billion. It is difficult to assess what the value of the real estate they hold will turn out to be."

Mr. Seidman said "FDIC's realization on real estate is running about 50 percent of book." He said "the total assets of the southwest area s&ls exceeds \$100 billion and that creates a serious problem for banks, and it's getting worse, not better."

Final speaker **Peter Johnson**, strategist with Johnson & Company, was a one-hour workshop on management strategies for meeting competition.

Nebraska's five major correspondent banks were hosts for the now

traditional Correspondent Banks' Hospitality Night to conclude the opening day of the convention. Hosts were FirstTier Bank of Lincoln and FirstTier Bank of Omaha, First National Bank of Omaha, Norwest Bank Nebraska, N.A., Omaha, and National Bank of Commerce, Lincoln. The Red Lion Inn main ballroom was a beautifully decorated hospitality center, with tables of hors d'oeuvres and refreshments.

The Trade Show, with 23 exhibitors, was the scene of a first



At FirstTier Banks reception were, left to right: **Joe Radostl**, pres., American Natl., Creighton, and **Betty; Andrea and Dick Yeshnowski**, v.p., FirstTier Omaha; **Dave Rismiller**, recently named pres. & ceo, FirstTier Omaha; **Bill Cook, Jr.**, pres., Beatrice Natl.; **John Clements**, v.p., FirstTier Omaha; **Jack Holmquist**, pres., York State, and **Harold Stuckey**, pres., Lexington State B&T.



LEFT—George McFadden, v.p., Sherman County Bank, Loup City; **Gary Bleck**, v.p., FirstTier Bank Lincoln; **Marlys and Bill Voss**, v.p., Jennings State, Davenport, and **Mark Hahn**, v.p., FirstTier Bank Lincoln. **RIGHT—Staffing exhibit for FirstTier Data Services** were **Rich Nelson**, v.p.; **Tom Novotny**, reg. sales mgr., and **Tom Ryan**, mgr. client serv.



LEFT—Richard Barnes (second from right), exec. v.p., Bank of Clarks, is welcomed at Evergreen Systems exhibit by, from left: **Dave Stochl**, dir. of sales; **Ralph Noren**, pres., and **Kathleen Downs**, mktg. rep., all of Omaha. **RIGHT—Ben Cohen**, Omaha, and **Larry Tweed**, central states managing partner, Des Moines, greeted guests at the Investment Centers of North Dakota booth.

More Pictures from the Nebraska Convention



Luncheon speaker **Jeanne Robertson** is pictured with NBA Pres. **Don Blaha** (left) and NBA Exec. V.P. **Stan Matzke**.



LEFT—Bryan Cox, acct. exec. with Financial Information Trust, Des Moines, presents check for \$1,000 scholarship to **Denise Hungeker** (second from left), with the assistance of Nebr. Gov. **Kay Orr**, and Denise's husband, far right. **RIGHT**—At Modern Banking Systems of Omaha booth is **E.L. Burch**, pres., E.L. Burch & Associates, Kansas City, with **Bill Pierce**, natl. sales mgr., and **Kevin McCormick**, Nebr. sales repr., both with MBS, reviewing a programming operation.

night reception prior to the Correspondent Banks' Hospitality party. In addition, registrants gathered in the Trade Show area for a continental breakfast and several session breaks. Exhibitors contributed numerous prizes that were presented Saturday morning to lucky winners.

Official convention entertainment was highlighted by the hilarious Smothers Brothers Show at the nearby Orpheum Theatre, and the President's Inaugural Reception and dance following it back at the Red Lion Inn.

The business sessions were well attended and the banker/spouse dinners and stage show attracted a crowd of more than 900 persons, representing a sizable increase in registration over last year.

The 1989 92nd annual convention is scheduled for May 18-20 at The Cornhusker in Lincoln. □

Kearney Banker Dies

Betty L. Walline, 60, assistant vice president at Platte Valley State

Bank and Trust Co., died April 30. She was employed at the bank for 27 years. Mrs. Walline was active in the National Association of Bank Women and numerous civic organizations.

Memorials have been established to the Kearney Catholic High School Foundation or the American Heart Association.

Madison Bank Acquired

Farmers National Bank of Madison has been acquired by a group of investors including J. Paul McIntosh, Herbert D. Feidler, John Long, Walter Majstrik, Gaylord Wilcox, Christopher L. Majstrik, and Gerald W. Kratochvil. The change in ownership was approved by the Comptroller's office on March 30.

KBA/NBA to Offer Ag Lending School

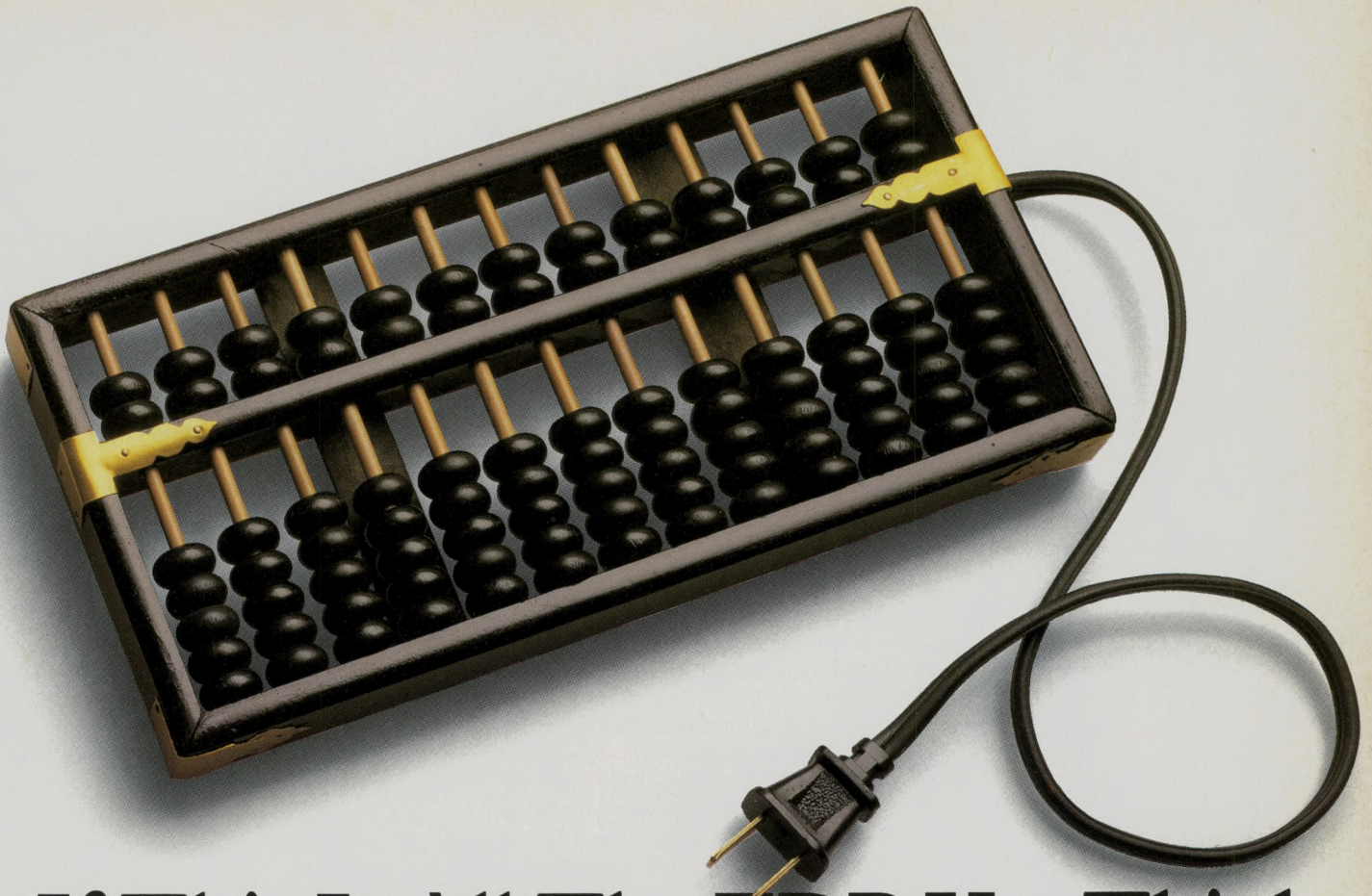
The 1988 Professional Development Program Agricultural Lending School will be held August 28-September 2 at the Ramada Inn in

Kearney. The school provides detailed coverage of subjects such as agricultural financial statements, credit analysis, problem loans, and case study applications. The faculty consists of such nationally known lecturers as Dr. David Kohl and Dr. Mike Boehlje.

Applications are being accepted now through July 29. For more information, contact Brenda Schimenti or RoJean Clifton at the Schools of Banking, Inc., at (402) 421-1107.

New Bank Planned for Grand Island

A group of investors have announced plans to organize a new national bank in Grand Island. Application has been filed with the Kansas City office of the Comptroller of the Currency. Investors include Jerry Jensen of Grand Island, Steve Wright of Superior, David Myers of Weeping Water, and Harold Myers and Robert Russell of Phoenix, Ariz. The bank would be named Security National Bank and would be capitalized at \$2.5 million.



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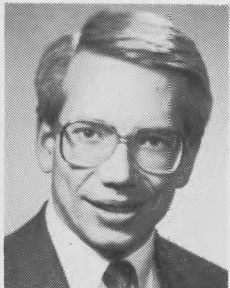
Omaha

John Cochran, president of Norwest Bank Nebraska, N.A., has announced the following promotions: **Debra Kraft Lutton** and **Scott A. Schmidt** to vice presidents, **Timothy Tewes**, **Carrie L. Tolstedt** and **Charles L. Veys** to assistant vice presidents, **Janice Costanzo** to real estate officer and **Steven R. Bechen** to commercial real estate officer.

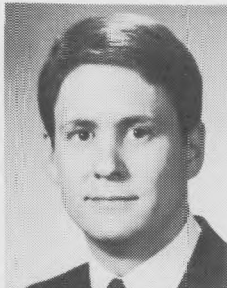
Ms. Lutton has been named vice president/client executive in corporate banking. She began at the bank in 1974 and became an operations officer in 1979. She managed the cash management department from 1981 to 1983 and was pro-



D. KRAFT LUTTON



S. SCHMIDT



T. TEWES



C.L. TOLSTEDT



C. VEYS

moted to assistant vice president in business banking in 1984 and assistant vice president corporate business banking/client executive in 1985.

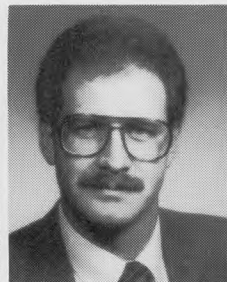
Mr. Schmidt has also been named vice president/client executive in corporate banking. He joined the bank in 1983 and was promoted to business banking officer in 1984. He was promoted to assistant vice president/client representative in 1986.

The three new assistant vice presidents are also client representatives in the corporate banking department. Ms. Tolstedt joined Norwest in 1986 in Hastings as a special loan administration officer and was promoted to business banking officer. Mr. Tewes joined the bank in 1985 and was promoted to special loan administration representative later that year and to officer status in 1986. Mr. Veys began with the bank while in college and became a management trainee in 1975. In 1976 he managed teller operations and was promoted to assistant vice president and branch manager in 1986. Most recently he was client representative in the commercial real estate department.

Ms. Costanzo, who will be a loan underwriter in real estate, joined the



J. COSTANZO



S. BECHEN

bank in 1982. Mr. Bechen joined Norwest in 1985 from the Federal Land Bank.

* * *

Rolland C. Johnson, chairman of Creative Financing, Inc., an Omaha-based mortgage banking firm, has announced that an agreement in principle has been reached for the sale of the company to Investors Savings Bank of Minneapolis.

Under the terms of the sale, Investors will acquire all outstanding stock of Creative, and Creative will operate as a wholly-owned subsidiary of Investors.

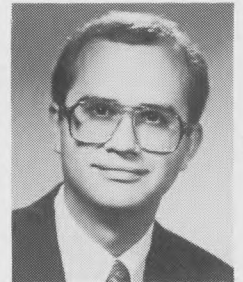
Investors Savings Bank is a \$320 million federal savings bank headquartered in Minnetonka, Minn.

* * *

Norwest Bank Nebraska's 24th & L Street office has been the site of a display of model homes created by the architectural drafting class of Bryan High School. The high school is the bank's "Adopt-A-School" partner. Students prepared the models for entry in the Omaha Model Home Show, which was held in March.

* * *

William C. Smith, president of FirstTier Financial, Inc., Omaha, recently announced that **Aaron Hilke-mann** has been appointed to the position of vice president and director of internal audit for FirstTier Financial. Mr. Hilke-mann formerly was a senior manager for Peat Marwick Main & Co.



A. HILKEMANN

* * *

Norwest Bank Nebraska has named **Sid A. Bostic** president of its Omaha offices. He formerly was president of the Sioux Falls branch of Norwest Bank South Dakota. Mr. Bostic will be responsible for all community banking operations in Omaha and statewide activities of the



S.A. BOSTIC

bank's financial institutions and corporate banking units.

Mr. Bostic had been president in Sioux Falls since 1985. He began his banking career with Norwest in 1964 at the Brookings office of Norwest Bank South Dakota. He was manager of that office when he moved to Sioux Falls in 1980 as senior vice president and manager of the bank's downtown office.

* * *

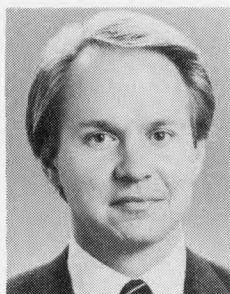
Security National Bank of Omaha has filed an application to open a branch office on the southwest corner of 78th and Cass Streets in Omaha.

* * *

The OCC has granted preliminary approval for the merger of First Security Bank & Trust, Beatrice, with First National Bank of Omaha.

* * *

Bailey Lewis & Associates, an advertising, marketing, and public relations firm with offices in Lincoln and Omaha, recently won six awards at a regional competition held in Wichita, Kan., according to company president **Jim Lauer-**



J. LAUERMAN

man. Clients whose work was honored are: the Nebraska Bankers Association for its "Positive State" newspaper campaign; the National Bank of Commerce, Lincoln, for a "Holes and Bites" direct mail piece, and the Lincoln Foundation for its annual report. Three citations were given for self-promotional and new business solicitation pieces.

Officer Named in York

Mitch Carter has been named credit review officer at The First National Bank of York. He started with the bank last October, after having served at the First National Bank of Aurora since 1984.

Nebraska Promotion Earns Attention and Praise

A series of newspaper ads promoting Nebraska, co-sponsored by the Nebraska Bankers Association, has proven to be very popular so far.

The campaign, which uses the theme "Let's Get Into a Positive

State," is a joint venture of the NBA, the Department of Economic Development, the Nebraska Press Association, and Bailey Lewis & Associates ad agency.

It is estimated the series has received over \$300,000 in free newspaper advertising since the campaign was released a few weeks ago. It has also earned creative excellence citations in local and regional advertising competitions.

Wilber Bank Purchased

Saline State Bank of Wilber has announced a change in ownership. Bank president Harley D. Bergmeyer has completed the purchase of outstanding bank stock from Alan L. Steinacher and Joe T. and Kathryn Vosoba. Mr. Steinacher and Mr. Vosoba are vice presidents of the bank.

Holding Companies to Merge

Approval has been given to merge eight of the ten holding companies that comprise the Abbot Bank Group. Banks now to be under the Abbot Bank Group, Inc., instead of in separate holding companies include: The Guardian State Bank & Trust Co, Alliance; Bridgeport State Bank; Bank of Chadron; Citizens State Bank, Thedford; The Anchor Bank, Merriman; Gordon State Bank; Bank of Mullen, and the Bank of Valentine.

The Bank of Hyannis and the Bank of Hemingford were excluded from the merger because current banking regulations restrict the number of banks that can be included in a holding company merger at a single time. These two banks are expected to be merged into the holding company later this year.

North Bend Banker Dies

Eleanore M. Granger, an employee of Platte Valley Bank, North Bend, for 41 years, passed away April 28. She was at that time serving as a director, and had previously been vice president of the bank.

* * *

The National Bank of Commerce has announced the election of **Dr. Gary Schwendiman** and **Gale Sup** to its board of directors.

Dr. Schwendiman is dean of the College of Business Administration



G. SCHWENDIMAN



G. SUP

of the University of Nebraska—Lincoln. Mr. Sup has owned and operated the Hitchin' Post and Wooden Nickel clothing stores for the past 22 years.

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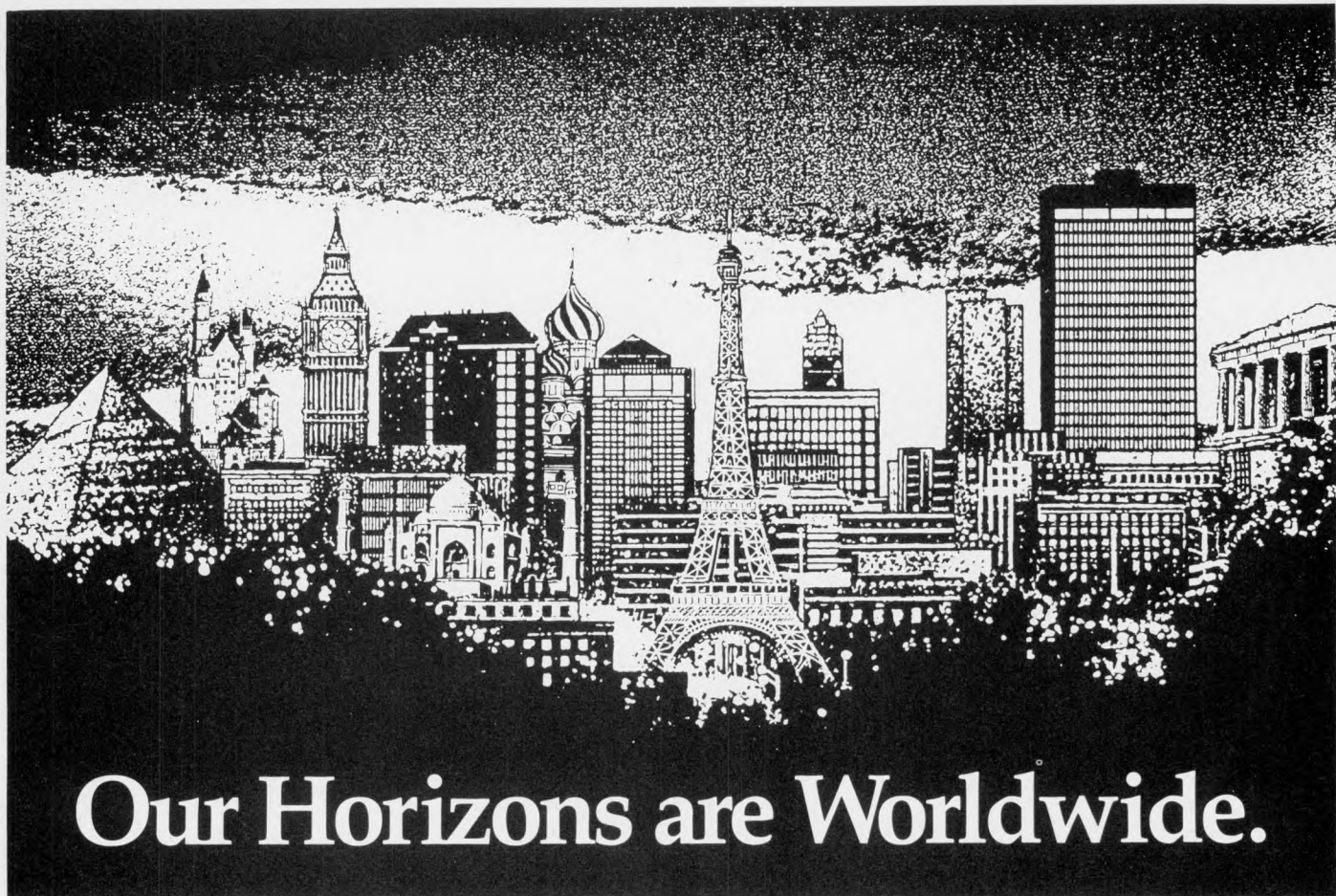
TAX EXEMPT YIELDS	AVERAGE COST OF FUNDS				
	5.00%	6.00%	7.00%	8.00%	9.00%
5.0%	7.06	6.96	6.85	6.75	6.65
5.5	7.82	7.72	7.61	7.51	7.41
6.0	8.58	8.47	8.37	8.27	8.16
6.5	9.33	9.23	9.13	9.02	8.92
7.0	10.09	9.99	9.88	9.78	9.68
7.5	10.85	10.75	10.64	10.54	10.44
8.0	11.61	11.50	11.40	11.30	11.19
8.5	12.36	12.26	12.16	12.05	11.95
9.0	13.12	13.02	12.92	12.81	12.71
10.0	14.64	14.53	14.43	14.33	14.22

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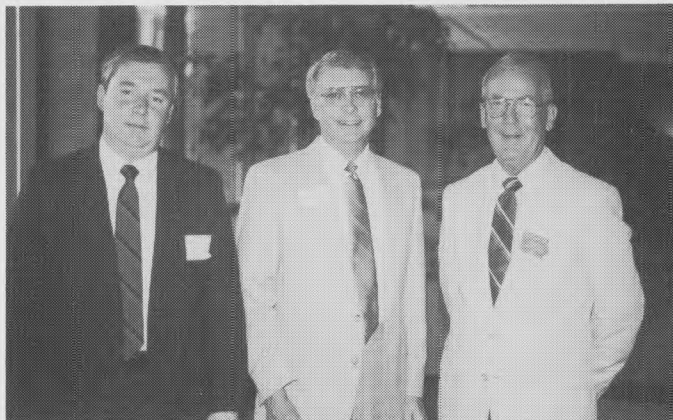
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GROUP OFFICERS elected during the annual meetings are, from left: Group 4 Chmn.—**Joseph D. Daly**, pres., Farley State; Secy.—**Gary Short**, pres., Security State, Independence, and Past Chmn.—**James Lage**, pres., Citizens State, Postville. Elected officers of Group 8 are, from left: Chmn.—**James Matthys**, v.p. & cash., Buffalo Savings; Secy.—**Jon G. Billhorn**, pres., DeWitt B&T Co., and Past Chmn.—**J. Robert Bunn**, pres. & t.o., Community State, Clarence.

Five IBA Groups Elect New Officers

By **BEN HALLER, JR.**
Publisher

and **ROBERT O. CRONIN**
Associate Publisher

Pictures from the
second week of
Group Meetings
will appear in
the next issue.



FAIR weather and good participation marked the 1988 Iowa Bankers Association Group Meetings held last month. Eight groups met throughout the state, in Dubuque, Davenport, Marshalltown, Des Moines, Council Bluffs, Fort Dodge, Okoboji and Clear Lake.

Bankers were treated to unseasonably warm weather during the meetings, which made for some excellent golf and sunburned faces. During each meeting, reports were given by group officers and by IBA staff members. A cocktail reception was followed by dinner and local entertainment.

In keeping with tradition, the even numbered IBA groups elected

new officers in the even numbered year. This year, five groups elected new officers for two-year terms. They take office immediately following the annual IBA convention in September.

Group Officers

Group 2: Chairman—Paul H. Johnson, president, Iowa State Bank, Algona. Secretary—Scott Whyte, executive vice president, Security State Bank, Eagle Grove.
Group 4: Chairman—Joseph D. Daly, president, Farley State Bank. Secretary—Gary F. Short, president, Security State Bank, Independence.

Group 6: Chairman—Oliver Hagen, president, First Interstate Bank of

Iowa, Inc., Des Moines. Secretary—Roger J. Holck, president, Kellogg-Sully Bank & Trust.

Group 8: Chairman—James A. Matthys, vice president and cashier, Buffalo Savings Bank. Secretary—Jon G. Billhorn, president, DeWitt Bank & Trust Co.

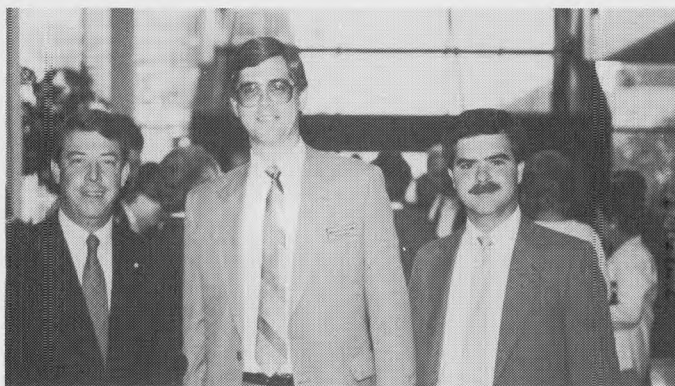
Group 12: Chairman—James L. Cuttell, president, George State Bank. Secretary—Dave Emmert, executive vice president, First National Bank, Paullina.

President's Report

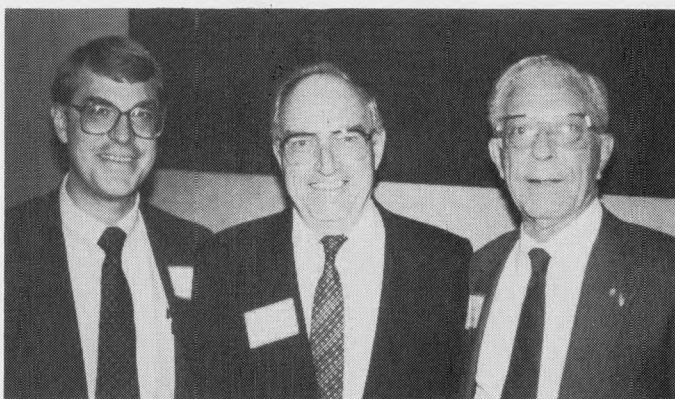
In his address, IBA President Clair Lensing, president, Farmers State Bank, Marion, said, "Banking is on solid ground and the future looks optimistic." Mr. Lensing



REPRESENTING GROUP 7 bankers are, from left: Secy.—**Jim Brown**, exec. v.p., Hardin County Sav., Eldora; Chmn.—**Arnold Schultz**, pres. & chmn., Grundy Natl., Grundy Center, and IBA Pres. **Clair Lensing**, pres., Farmers State, Marion. Meeting in Des Moines for the Group 6 Annual Meeting are, from left: Secy.—**Roger J. Holck**, pres., Kellogg-Sully B&T; Past Chmn.—**James Schipper**, pres., American State, Osceola, and Chmn.—**Oliver Hagen**, pres., First Int. of Ia., Inc., D.M.



LEFT—Taking part in the Group 8 meeting were, from left: **Randy Steig**, v.p., & mgr., corr. bkg., First Int., D.M.; **Kevin Burns**, v.p., Maquoketa St., and **Michael Hopson**, v.p., Austin Associates, D.M. **RIGHT**—Present at the Group 8 reception were, from left: **Michael Bauer**, 1st v.p., Davenport B&T; **Kent Stout**, a.v.p., American Tr., Lowden; **Tom Figge**, off. of pres., and **John Schricker**, 1st v.p., both with Davenport B&T.



LEFT—Meeting in Marshalltown for the Group 7 meeting were, from left: **Tom McDermott**, sr. v.p. and mgr., corr. bkg., Natl. Bk. of Waterloo, and his wife **Norine**; **May** and **Bill Rickert**, sr. v.p., Natl. Bk. of Waterloo, and **Donna** and **David Coulter**, exec. v.p., Mt. Auburn Sav. **RIGHT**—Visiting during the group meetings were, from left: **John Koza**, sr. v.p., Ia. St. Bank, Iowa City; **Ben Elders**, sr. v.p., Bankers Trust, D.M., and **Ben Summerwill**, chmn., Ia. St. Bank, Iowa City.

issued a five point challenge to Iowa bankers concerning the future of banking in the state: 1) Write a letter to your legislator; 2) Get involved in the legislative race—support your candidate; 3) Support Bank PAC; 4) After the November election, get to know the newly elected officials and let them know what you think about banking; 5) be informed.

Mr. Lensing pointed out the progress the state of Iowa is seeing presently with companies like Kodak, Swift, Principal Group and Iowa Beef Packers “investing millions into the state.” Mr. Lensing also pointed out that unemployment is down and farm land values are up “nearly 14 percent in some north-eastern counties.”

“Cooperation is at the heart of Iowa’s turnaround,” Mr. Lensing said, “and I predict the upper Midwest will continue with the best growth into the 1990s.” Mr. Lensing sees this happening because of our central location, accessibility to markets and our education values “which lead the nation.”

As part of its ongoing service to

Iowa bankers, staff members of the IBA gave individual presentations on various services of the association, including IBIS, Inc., ITS, Inc., MASI and IBMC. Wes Ehrecke, senior vice president, gave an overview of legislative issues and said, “The most recent legislative session was successful, not so much as to what was passed, but what was stopped from passing.”

Neil Milner, executive vice president, who spoke on federal issues facing the industry, commented, “This is the best unified effort that I have seen in my 25 years.” Mr. Milner said that for the past six years, the effort has simply been to “put out fires,” but now a rifle shot has been fired as legislation was passed for expanded powers in banking. Goals of the association were outlined by John Sorensen, vice president for legislative, education, products & services and structure. He declared the mission of the association to be that of “managing change.”

Sam Callahan, president of IBMC, reported that his member-owned corporation now is tied in

with MORNET, which allows IBMC to submit documentation for securitizing loans directly with FNMA. Also, IBMC will be adding fee revenue since it has become the master services on real estate contracts owned statewide by the Iowa Finance Authority. That pool is now \$1.7 million. “We will underwrite all future sales of real estate owned contracts for the IFA and receive a fee,” Mr. Calahan stated.

Dale Dooley, president of ITS, Inc., described two new services—Shazam Credit Advance and Shazam Bill Payer. Fees were lowered in April due to increased volume and improved expense control. Transactions in April were up 100,000 that month for a total of 2.5 million transactions in April. Members received rebates of \$146,000 in April and \$186,000 last September.

Frank Gleeson, president of IBIS, reported that vision claims formerly handled by Blue Cross/Blue Shield now are being handled in-house by IBIS. He said IBIS had built a \$5 million reserve against claims, although that has been reduced to

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R. Scott Fetner/President
Iowa National Bank Corp. &
The National Bank of Waterloo

and we couldn't be happier with the final results. We set out to restore a historical landmark — the railroad depot in downtown Cedar Falls. The plans, interior design and attention to detail resulted in a bank that our community is proud of."

Kirk Gross Company has built or remodeled nearly 300 financial facilities in Iowa alone. Each one unique ... each with individual requirements. Kirk Gross Company can handle the challenge with full architectural, interior design and construction capabilities under one roof. You can get one phase or the whole project completed quickly with one source of responsibility.

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For more information, call or write The Kirk Gross Company, 4015 Alexandra Drive, P.O. Box 2097, Waterloo, IA 50704. Phone: (319) 234-6641.





LEFT—Taking part in the Group 7 meeting were, from left: **Bill Boehm**, pres., Tama St. and wife **Marilyn**, with **Ann and John Cunningham**, v.p., Natl. Bk. of Waterloo. **RIGHT**—Visiting during the Group 6 meeting in Des Moines were, from left: **Dale Dooley**, pres. & c.e.o., ITS, Inc. and his wife **Marge**, with **Barb and Dave Ryan**, pres., Panora St.



LEFT—Enjoying the Group 6 reception were, from left: **Pete DeRosier**, v.p., Valley Natl., D.M. and **Maureen**, with **Bob Walcott**, partner, Robert Thomas Assoc., Chicago. **RIGHT**—In attendance at the Group 6 meeting were, from left: **Mike Trafton**, inv. off. and **Bill Van Lent**, sr. v.p., both with Norwest Inv. Serv., D.M.; **Bob Wilms**, exec. v.p., Ia. St. Sav., Knoxville, and **Jay Nichols**, 2nd v.p., Norwest D.M.

\$4.6 million through servicing of some special claims. "Five years ago IBIS had its first heart transplant claim," Mr. Gleeson stated, "and I'm happy to report that individual is alive and doing well. But, it costs the reserves \$25,000 a year for his anti-heart rejection medicine. Last fall, a newborn infant required a liver transplant that cost \$250,000. These and other incremental costs in health care reduced the reserves for health services from \$5 million to \$4.6 million. It feels good to know we could meet these needs. It shows the importance of reserves and the need to review those reserves constantly so as to keep them at an appropriate level."

Superintendent's Report

State Superintendent of Banking Ed Tubbs, chairman, Maquoketa State Bank, called his position "interesting, challenging and frustrating." As the chief regulator of state banks, Mr. Tubbs said his division always tries to be flexible, but it's not always possible. Mr. Tubbs informed his audience that capital re-

quirements will remain stiff "because even though things look good, we as bankers must be cautious."

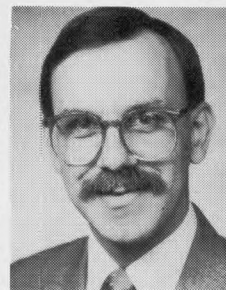
Mr. Tubbs said the numbers suggest that banks are getting the bad loans out of their portfolios. "The numbers are good as of mid-April," he said. Bankers were cautioned by Mr. Tubbs that with the increased competition from S&Ls and the Farm Credit System, they would have to be careful and watch out for riskier loans. In conclusion, Mr. Tubbs encouraged bankers to "be nice to the examiners because they have been instructed to be nice to you."

Special Entertainment

At each group meeting, special speakers and entertainment were featured. Appearing at various group meetings were Allan Thoms, director, Department of Economic Development; Jim Walden, head football coach, Iowa State University; IBAA President-Elect O. Jay Tomson, and John Chrystal, chairman and CEO, Bankers Trust Co., Des Moines. □

Elected in Dubuque

William D. McGeehan, president of American Trust and Savings in Dubuque, recently announced the election of H. Bruce Brubaker to vice president, consumer loan department. Prior to joining American Trust, Mr. Brubaker was vice president and consumer loan manager for First National Bank of Decatur, Ill.



B. BRUBAKER

Appointed in Waterloo

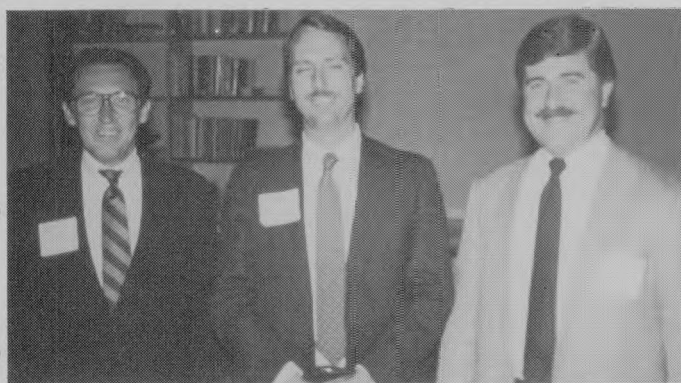
James H. Graham has been appointed farm manager at Metro Realty and Farm Management, a division of The Waterloo Savings Bank. Mr. Graham is a licensed real estate salesman and an accredited real estate appraiser. He previously operated a farm management, realty and appraisal business in West Union.



LEFT—Discussing the latest promotional piece for the Iowa Dept. of Economic Development are, left, **Neil Milner**, exec. v.p. & c.e.o., IBA, and **Alan Thoms**, state director. **RIGHT**—Visiting at one of the many stops along the way were, from left: **Jim Jensen**, v.p., IBIS, Inc.; **D. Neil Erusha**, asst. cash., Solon State and **Frank Gleeson**, pres., IBIS, Inc., Des Moines.



LEFT—Visiting during the Group 7 reception were, from left: **A.J. Ziskovsky**, pres., State Bank of Toledo; IBA Pres.-Elect **Don Snyder**, pres., Manufacturers B&T, Forest City, and his wife **Clare**. **RIGHT**—Also taking part in the Group 7 meeting were, from left: St. Super. of Banking **Ed Tubbs**, chmn., Maquoketa State and **Grace** with **Bonnie** and **Gordon Wold**, pres., Poweshiek County Sav., Brooklyn.



LEFT—Enjoying themselves during the Group 4 meeting were, from left: **Wayne Bismark**, v.p., LaSalle Natl., Chicago; **Doug Horstmann**, v.p., Dubuque B&T, and **Ken Erickson**, v.p., Dubuque B&T. **RIGHT**—Taking part in the Group 4 reception were, from left: **Don Young**, v.p., Fairfax State Sav.; **Rich Bean**, sr. v.p., First Natl. Dubuque; **Candi Clark**, Dubuque, and **Bruce Meriwether**, pres., First Natl., Dubuque.



LEFT—Attending the Group 4 meeting were, from left: **Michael Dunn**, pres., F&M Sav., Manchester; **Bob Louvar**, v.p., Merchants Natl., Cedar Rapids, and **Kevin Slater**, a.v.p., Fairfax St. Sav. **RIGHT**—Visiting at the Group 8 meeting were, from left: **Myrtle** and **Ellis Barber**, chmn., DeWitt B&T, with **James Peterson**, v.p., Davenport B&T and his wife, **Diane**.

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With SHAZAM + Advance, settlement time between your institution, the merchant, and the customer is much faster than with traditional credit cards.

DOWN THE ROAD PROFITABILITY WITH SHAZAM.

Bringing the expanded services of SHAZAM to your customers is easy. ITS, Inc., SHAZAM's provider, has marketing and training programs in place for your immediate use. Customers can use their current banking cards to access the added conveniences of SHAZAM + Bill Payer and/or SHAZAM + Advance.

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BANKERS TRUST CO., Des Moines, recently held a gala reception as part of their sponsorship of the Drake Relays Classic, held in Des Moines last month. Over 600 guests were invited to the event held at the downtown main office. Pictured with arriving guests is famed marathon runner **Bill Rodgers**, past winner of the Boston Marathon. Looking on, right is **Dennis Woods**, president of the host bank.

Bill Hess Announces for IBA Pres.-Elect Candidacy

William C. Hess, president of the Iowa Savings Bank, Coon Rapids, has announced his candidacy for the office of president-elect of the Iowa Bankers Association, which election will be held at the annual convention this September in Des Moines.



W. HESS

Previously, Thomas R. Smith announced his candidacy for the president-elect office. He is chairman of Brenton Bank in Marshalltown.

Mr. Hess attended Creighton University in Omaha and Buena Vista College in Storm Lake, earning a degree in business administration.

He began his banking career in 1960 with the Iowa Department of Banking, and held numerous positions there until serving as assistant superintendent from 1971 to 1973.

Mr. Hess then became vice president and a director at Iowa State Savings Bank in Knoxville. In 1976 he took the same positions at the Coon Rapids bank. He has been president of the bank since 1984.

Mr. Hess has been active in the chambers of commerce both in Knoxville and Coon Rapids, as well as serving on the Coon Rapids School Board.

Mr. Hess was president of the Carroll County Bankers Association from 1977 to 1985. He has served as a director on the Iowa State Bank-

ing Board since 1981, and as a director of ITS, Inc. since 1983. In 1984 he was secretary of IBA Group 1 and served as its president from 1985 to 1987. During those years he also served as a director of the IBA and a director of the Iowa Bankers Mortgage Corporation.

Elected in Iowa City

Robert M. Sierk has been elected president and chief operating officer of First National Bank, Iowa City, and First Financial Bancorporation, the holding company which owns the bank. He has been with the bank since 1961.

Clark Houghton, formerly president of the bank and the holding company, has been elected chairman and chief executive officer of both.

Newly elected directors of the bank are John F. Kennedy, Hunter Rouse Professor of hydraulics and director of the institute of hydraulics research at the University of Iowa, and Dr. Stephen H. Wolken, ophthalmologist.



R. SIERK

Iowa National Bankshares Posts Increased Earnings

Earnings for Iowa National Bankshares Corp. (INB), Waterloo, rose from \$4,650,000 to \$6,013,000 in 1987, a 29.3 percent increase, according to the report given at the April 19 annual stockholders meeting by R. Scott Fetner, INB president. The

successful year, he said, saw earnings per share improve from \$3.44 in 1986 to \$3.72 in 1987, while pre-tax income last year was \$7,324,000, compared to \$4,422,000 a year earlier.

Iowa National Bankshares is the parent holding company of The National Bank of Waterloo, Midway Bank & Trust in adjoining Cedar Falls, and Peoples Trust & Savings Bank of Indianola.

Mr. Fetner told shareholders that the quality of INB's loan portfolio was excellent, since delinquent loans of 90 days or more still accruing interest totaled \$144,000, compared to \$711,000 in 1986. Net loan losses for 1987 were at \$834,000, down almost \$300,000 from the previous year.

Return on average assets was 1.18 percent and return on average equity was 14.4 percent.

INB has three acquisitions underway at this time. The National Bank of Waterloo is in the process of purchasing First Community Bank and Trust in Traer and the First National Bank of Tama County, Dy-sart, with closing scheduled for May (see separate story in this issue). The acquisition of Oelwein State Bank with its approximately \$67 million in assets is expected to be completed later in 1988. It will become the fourth wholly-owned subsidiary of INB. INB's capital base at December 31, 1987 was \$44 million, with total assets of \$532,648,000.

Named in Mapleton

Ronnie F. Peterson has been named vice president of the First State Bank of Mapleton. He has been serving customers of the Mapleton community since 1978, when he joined First State Bank of Mapleton as a loan officer. He is originally from Anthon, Ia.



R. PETERSEN

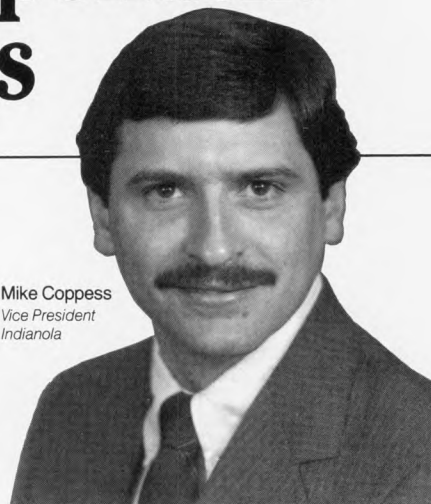
Promoted in Spencer

Dale Boswell has been promoted to vice president of the Farmers Trust & Savings Bank. He has been with the bank for one and a half years and is head of the agricultural loan department. Mr. Boswell previously worked for the Farm Credit System.

Two Strong Staff Additions To Serve Iowa Correspondent Banks



Tom McDermott
Senior Vice President
Waterloo



Mike Coppess
Vice President
Indianola

The addition of Tom McDermott as head of the Correspondent Bank Department greatly strengthens the National Bank staff. McDermott was formerly president of the LaPorte City State Bank and Peoples Bank & Trust in Waterloo. Tom began his banking career in Fontanelle, Iowa in 1955. This 33 years of banking experience can be put to work for you in the correspondent banking area.

The National Bank of Waterloo

The National Bank puts its financial strength and outstanding correspondent banking services to work for a large number of banks in Northeast Iowa.

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You can now put our unmatched combination of an experienced team and expanded services to work for all your correspondent banking needs. Give us a call for more details . . . 1-800-772-2411 or 319-291-5200.

THE NATIONAL BANK OF WATERLOO

Downtown / Crossroads / Logan Plaza / National Plaza
Offices in: Gilbertville, Traer, Dysart, Clutier, Vining

Mike Coppess has been named to head up the Correspondent Bank Department at Peoples Trust & Savings in Indianola. Mike served three years in the loan department plus eight years with the Federal Land Bank. He received his B.A. degree from the University of Nebraska in Omaha. Mike was born and raised on an eastern Iowa farm so he has a well rounded experience that can be beneficial to you in your corresponding bank area.

Peoples Trust & Savings Bank

Peoples is an affiliate of Iowa National Bankshares and The National Bank of Waterloo. We are now able to utilize the strength and services of the Iowa National Bankshares through our Indianola operations.

We offer full services including purchase of excess funds, bond advisory, data processing services, automated accounts receivable billing systems and other complete correspondent bank services.

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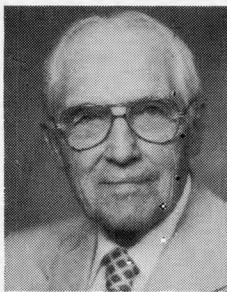
FDIC Insured up to \$100,000
Subsidiary of Iowa National Bankshares Corp

Luther College Honors Bill Ronan with Honorary Degree

William P. Ronan, president and chairman of the board of Decorah State Bank, was awarded an honorary doctor of laws degree at Luther College's 121st commencement last month in Decorah.

The honorary degree recognizes Mr. Ronan's many contributions to his community, state, profession and the college. During his 65 years in the banking business Mr. Ronan has served a two-year term as treasurer of the Iowa Bankers Association and for 20 years has belonged to an IBA "rovers" group of bank presidents. He has been president of Decorah State Bank for over 30 years.

He is a charter trustee of the Iowa Natural Heritage Foundation and continues to serve as a director of the Foundation. He is also a director of the Iowa Good Roads Association.



W. RONAN

In his community, Mr. Ronan has been a member of several professional and civic organizations. He served 51 years as treasurer of the county fair board and over 50 years as a trustee of his church. He was an organizer and has served as president and director of community development groups that have brought industries and businesses to Decorah.

Mr. Ronan has received numerous honors and awards, including the Outstanding Older Iowa Award in 1984 and the distinguished service award from Luther College. A Decorah native, he attended Luther College, DePaul University, the University of Iowa and the University of Wisconsin Graduate School of Banking.

Marion Bank Reports Profits, Announces Promotions

At the annual stockholders meeting on April 25, Farmers State Bank Chairman Morris F. Neighbor reported a net increase of nearly \$30 per share of the Marion bank's stock.

Six officers of the bank were promoted. They are Lorna M. Barnes,

chief financial officer and vice president; Dwight J. Kelley, vice president and farm representative; Johna S. Pettit, assistant vice president and bookkeeping officer; Steven K. Neighbor, assistant vice president and farm representative; Sue A. Boddicker, assistant vice president and assistant Alburnett office manager, and Judith A. Easterday, assistant vice president and Hiawatha office manager.

Seven employees were promoted to officer status. They are: Debby Roth, executive secretary; Deb Nelson, student loan officer; Jan Airy, assistant cashier and credit card officer; Shirley Allen, electronic banking officer; Mary Hanna, assistant trust officer; Keitha Osterhaus, Marion drive-up supervisor, and Georgene Pitzen, head teller.

Promoted in Waterloo

Russell E. Lauterbach, president and chairman of Peoples Bank and Trust, Waterloo, has announced that Michelle D. Walker has been promoted to assistant controller. She joined the bank in 1986 as staff accountant. Ms. Walker is a certified public accountant.



M.D. WALKER

Appointed in Dubuque

William D. McGeehan, president of American Trust and Savings Bank, Dubuque, has announced the appointment of Kevin E. Sweeney as internal auditor. Prior to joining the bank, Mr. Sweeney was director of quality control at O'Connor, Brooks and Co., P.C.



K. SWEENEY

Correction!

Last month we reported on changes at the City National Bank of Cedar Rapids, including the election of James H. Struve, the bank's new owner, to chairman and CEO. The bank was incorrectly called City National Bank in Waterloo. We regret this error.

Committed to making your bank stand apart from the rest!



● Norwest Hosts Investment Conference

by BEN HALLER, JR.
Publisher

MORE than 200 bankers and Des Moines area business and retired persons attended a Spring Conference in April at Hotel Savery to hear two prominent speakers discuss portfolio management and the economic environment. The program was hosted by Norwest Investment Services, Inc., presided over by Bill Van Lent, senior vice president and manager.

Portfolio Management

Charles D. White, banking group treasurer for Norwest Corporation, Minneapolis, discussed portfolio management, utilizing his experience in funding, foreign exchange trading, investment management and coordination of asset/liability management for the Norwest Bank Group. His scenario of portfolio management included consideration of fixed income securities, commodity and foreign exchange markets.

Economic Outlook

Dr. Leonard J. Santow, managing director of Griggs & Santow Incorporated, highlighted important aspects of the current economic environment. As co-author of the weekly Griggs & Santow Report, he analyzes developments in the money and capital markets. He told his audience, "I see nothing at the moment that suggests a recession is imminent. We don't see it in 1988 or the first part of 1989."

Dr. Santow said "inflationary pressures are on. Employment is up and unemployment is down. Plant capacity is running at 83 percent, or maximum utilization, with some industries (paper, for example) at 90 percent or higher, which creates pressures for a 9-10 percent increase. There is some improvement in foreign trade with the drop from \$174 billion deficit to \$145-\$150 billion." Dr. Santow said, "a recession always sees inventory growing, plant and equipment exploding, and bank loans down."

Dr. Santow said "If you want to stabilize the budget deficit you can do so by holding expenditures down and by doing something to bring in money—for example, imposing a value added tax, offering tax amnes-

ty and so on. The deficit hasn't been as bad as it was thought to be. Our big problem is the low savings rate of only 4 percent. If the Japanese and Germans sold their long-term U.S. Treasury holdings we would really hurt. To stabilize the deficit we must cut expenditures. To cut the deficit we must increase taxes.

"The Fed chairman," he continued, "inherited Federal Bank presidents appointed by former Chairman Paul Volcker and they are more conservative. The new board is more liberal, so you have seven Fed Governors and five Bank presidents on the Open Market Committee, which makes Chairman Alan Greenspan's job more difficult."

Small Market Moves

Looking ahead, Dr. Santow said, "I see upward movement in small increments of perhaps 1/32nd, 1/8th, 1/4th, and I expect to see the short rate and prime rate about 1/2 percent higher. The long-term Treasury rate is affected by a variety of things, but I expect to see the long bond market trading up at 9½ to 10 percent, which would hurt housing. Chairman Greenspan doesn't want to take that chance, so I wouldn't be a long-term bond buyer at this time."

Dr. Santow also observed that "the dollar moves on a psychological

basis and I think the big drop is over."

System is Resilient

Regarding the viability of the financial system, Dr. Santow expressed some concerns. He said, "If 20 years ago I had fantasized that Penn Central, Continental Bank, Republic, SeaFirst all went under or had serious problems, we would have been terribly depressed. It's amazing how resilient our economy has been to these events! The savings and loan picture is really ugly. They have about a \$40 billion deficit. Basically, the government has said, 'If you're a big institution, we'll back you.'"

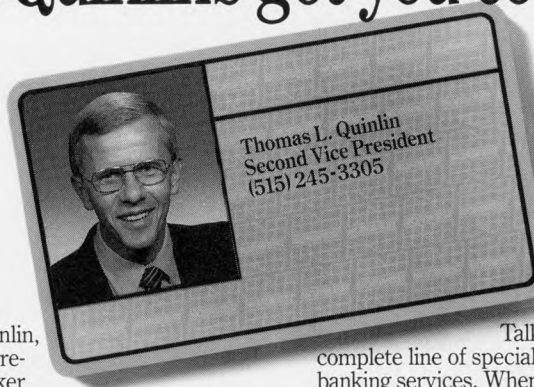
Dr. Santow pointed out that in the financial rescues by regulators "those hurt are the holding company, stockholders and management if the depositors or bondholders are protected." Referring to the Farm Credit System rescue, he said "It will take the FCS five years to recover and no doubt they'll make it. In terms of rate, if we have the FCS in its current situation there is no trouble if you're buying in; but, it's an impossible liquidity situation if you're trying to trade or get out of it."

Q and A Period

Dr. Santow responded to several questions from the audience:

Do you see a national sales tax?
A: If we had a Democrat President, House and Senate I would say "yes," or perhaps a value added tax.

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Northwestern Banker, June, 1988

In 1991 we'll have another Tax Reform Act and Congress will probably narrow in on tax preference items. Congress needs money and one way to get it is to narrow the exemptions.

What is your projection on oil prices? A: I expect to see oil trade in the next two years in a range of \$12 to \$14 per barrel on the low side to \$20 to \$22 on the high side.

Why do foreigners continue to invest in U.S. Treasuries with our declining dollar value? A: If they try to move outside our markets, there are none there to absorb their \$70 billions a year investment. Also, they don't want to drop us and take a chance of cutting off their exports. In that sense, *we* have the advantage over them! I don't see a need to bring trade deficits to zero but to, perhaps, \$30 to \$40 billion. Brazil, for example, has a trade surplus and needs it to pay its long-term debtors. □

Forest City Bank Fails

Forest City Bank & Trust Co. was closed on May 6 and reopened on May 9 as Liberty Bank & Trust. It was purchased by a newly formed bank company led by William Krause, who has interests in seven other Iowa banks and one in Wisconsin. Mr. Krause is also the head of the Iowa-based Kum & Go convenience store chain.

Until recently the bank was

owned by Forest City Ltd., a holding company controlled by Des Moines businessman John A. Witner. He had sold the bank recently to an investor group assembled by the local directors.

According to Iowa Banking Superintendent Edward Tubbs, Forest City's directors led a local effort to raise enough money to buy the bank in the last two weeks, but failed in the attempt.

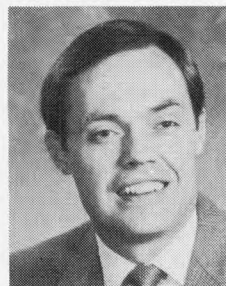
Failure of the \$25 million-asset bank was attributed primarily to deterioration of the ag loan portfolio.

Mr. Krause and partners C. Wilson Persinger of Sioux City and Richard Wikert of Fremont, Neb., acting as Winnebago County Bancorporation, put up \$1.7 million of their own money to purchase the bank. The FDIC put up an additional \$1.2 million.

Promoted in Clarion

Several officers were promoted recently at First National Bank of Clarion.

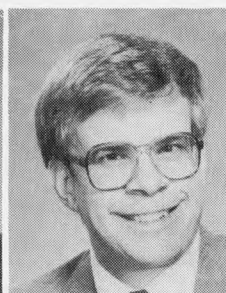
Duane Asbe was advanced from cashier and trust officer to vice president and trust officer. He has been with the bank since 1972. Garland Koch, pre-



D. ASBE



G. KOCH



N. FELL



I. EEKHOFF



T. FRINK

viously controller, is the bank's new cashier. Former ag loan and marketing officer Neil Fell has been promoted to assistant vice president and marketing officer. Ida Eekhoff is now assistant branch officer manager for the Kanawha branch. She previously served as operations officer and has been with the bank 15 years. Teresa Frink, who joined the bank last summer, was named internal auditor.

Iowa First Tells Earnings

Iowa First Bancshares Corp. shareholders met for their annual meeting in Muscatine on April 21.

The company reported earnings of \$1,002,000 compared to a loss of \$2,655,000 in 1986. The per share earnings of \$5.01 were the highest reported since the company was formed in 1984.

The Muscatine and Fairfield banks had after-tax income of \$1,158,000 and \$724,000, respectively. Lower provision for loan losses and a reduction in non-earning assets were the principal reasons for the improved earnings.

Honored in Muscatine

George A. Shepley, who has been president of First National Bank of Muscatine for 25 years, was honored on April 27 at an anniversary celebration attended by employees and directors of the bank. Mr. Shepley was presented with a large oil painting which will be placed in the bank's board room, and a plaque naming the board room in his honor.

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— Diane Kupferschmidt
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Marcus Bank Under New Ownership

West Iowa Banc Corp. of Marcus has purchased 95% of the outstanding shares of the Farmers State Bank of Marcus. The newly formed holding company purchased controlling interest from Carleton C. Van Dyke of Sioux City. He is retiring after nearly 50 years of banking in Sioux City and Marcus.

Mr. Van Dyke purchased controlling interest in the bank in 1946 and was president since then until this past April.

West Iowa Banc Corp. is a one bank holding company comprised of mostly local Marcus residents. President is Stanley O. Nervig, who has been serving as senior vice president of the bank.

There are no planned changes in management or personnel.

Added in La Porte City

Gary Routh has joined Peoples Bank and Trust, Waterloo, as assistant vice president and office manager in La Porte City. Mr. Routh has 14 years of experience in agriculture, commercial and consumer lending. He has served as assistant county supervisor for Farmers Home Administration, branch manager for Production Credit Association and vice president of Hawkeye Bank. Most recently he was a manager at Farm Credit System in Dixon, Ill.



G. ROUTH

Houghton Receives Award

Clark Houghton, president of First National Bank, Iowa City from 1959 until his recent election to chairman, has received the Hancher-Finkbine Alumni Medallion. The award recognizes leadership and service to the University of Iowa.



C. HOUGHTON

Mr. Houghton received his bachelors degree from the U. of Iowa

in 1944 and his J.D. in 1949. He has served the university in many capacities over the years and was chairperson of the committee which established the first Hancher-Finkbine Medallion Award in 1964.

Promoted in Council Bluffs

At First National Bank of Council Bluffs, Virginia Nelson has been promoted to assistant vice president and trust officer. She has been in banking for 17 years.

Sue McHale was promoted to personal banking officer and currently works at the Main Bank Personal Banking Center. She has been with the bank for six years.

Retired in West Union

Lloyd H. Meier and Carl Lueder have retired as directors of Farmers Savings Bank in West Union, having served 33 and 22 years, respectively. Both will serve in 1988 as honorary directors.

In addition, Lloyd H. Meier will be retired as an active officer of the bank on May 30, after 38 years of service. He was honored at a retirement dinner on April 15.

Elected new directors were James E. O'Brien, executive vice president of the bank, and LaVerne R. Swenson, longtime Clermont area farmer.

Peoples Bank to Hold Races

Peoples Bank and Trust Co. of Waterloo will hold its 7th Annual Bicycle Race on Saturday, June 11 at Byrnes Park in Waterloo. The event includes all types of races, from the tricycle category for two-year-olds to competition for adults. Pre-registered entrants will receive tee-shirts commemorating the day, and winners will receive ribbons and gym bags. Refreshments will be offered throughout the day.

Des Moines Couple Finds Computer Sales Firm

The husband and wife team of Tom and Elaine Weaver have established a new business, Lance Systems Corp., doing business as Computers Plus, to serve banks and other businesses in central Iowa. The firm will be an Epson dealer, handling computers and printers and selling directly to end users.

Mr. Weaver said he will stress networking, custom database, pro-

gramming and consulting. The firm also will provide educational seminars such as desktop publishing, advanced word processing, database and others.

Mr. and Mrs. Weaver were associated for a number of years with Midwest Office Technology, Des Moines.

Mr. Weaver, a native of Des Moines, started at that company in 1960, continuing to work for the firm while he was attending Central Missouri State University, from which he was graduated in 1969 with a BA degree, with Business and English majors. He began programming calculators before personal computers came on the market and was a pioneer user of personal computers in the central Iowa region. He became proficient in networking (multi-station usage) several years ago before this technique was in vogue. His principal interests will center in the fields of marketing, programming and consulting on all phases of personal computer usage.

Mrs. Weaver, a native of the State of Washington, also attended Central Missouri State University. She was graduated in 1969 with a teaching degree in biology and physiology. She worked full-time for six years at Midwest Office Technology with her husband. She is a specialist in desktop publishing and in addition to that will do marketing, installation and provide training support.

Computers Plus is located presently at 3117 Summit Vista Drive in Des Moines—515/287-1966.

Added in Missouri Valley

Gregory D. Pollard, president and CEO of The First National Bank of Missouri Valley, has announced that Mike Kenealy will be joining that bank on June 6 as a loan officer. He was previously with The Council Bluffs Savings Bank in the farm management department.

Elected in Lone Tree

Donald M. Kout, president of the Farmers & Merchants Savings Bank, Lone Tree, has announced the election of Douglas Shanklin to the bank's board of directors. Mr. Shanklin joined Farmers & Merchants in 1980 and is presently serving as senior vice president and senior loan officer.



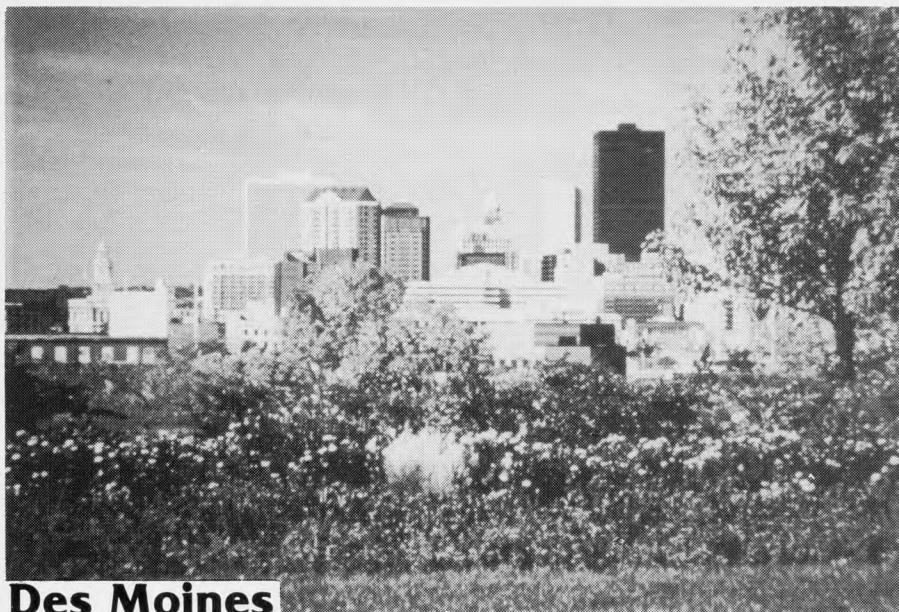
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Des Moines

J. Locke Macomber, chairman of Valley National Bank, has retired from daily active involvement at the bank. He will continue to serve as chairman through December.

Mr. Macomber first joined the bank to head its newly formed trust department in 1952. At that time the bank had assets of about \$25 million; today that total is over \$400 million. Mr. Macomber also was instrumental in the restoration of the bank's historic headquarters at 6th and Walnut in 1979.

* * *

Kenneth Brenton has been promoted to office manager of the 29th and Ingersoll office of Brenton National Bank of Des Moines. He transferred to the bank in February from Brenton Bank and Trust of Cedar Rapids, where he held positions as consumer loan officer and Master Card/Visa representative. His prior experience includes commercial real estate brokerage and acquisitions in Dallas.

* * *

James B. Fogt has accepted a position with Krause Gentle Corporation and First Midwestern Financial Corporation as senior vice president and chief financial officer. Both of these currently Hampton-based firms will be relocating to

West Des Moines on July 1st. Mr. Fogt was formerly executive vice president and treasurer of First Interstate of Iowa, Inc., and had been with that holding company for ten years. Prior to that, he was with Brenton Banks as controller.

* * *

First Interstate Bank of Des Moines, N.A. announced the addition of **Ralph H. Weickel** as vice president, manager of investment sales and operations.

Mr. Weickel came from First Bank System Capital Markets, Minneapolis, where he was the national sales manager for the government trading desk. Prior to joining First Bank System he was a retail broker and the mutual fund coordinator at Paine Webber in Minneapolis.

Mr. Weickel earned a BA in economics and political science at Lawrence University in Appleton, Wis.

* * *

A "Just Say No" walk was sponsored by First Interstate Bank of Des Moines on May 13. The walk was part of the national "Just Say No" campaign against drug abuse.

Approximately 800 students, faculty and parents from two local schools walked through downtown Des Moines to hear a program at the capitol on substance abuse. The bank provided green and white "Just Say No" balloons to all walkers. After returning from the capitol, the students had refreshments and formed a "NO" on school grounds.

BMA to Hold Strategy Conference in Orlando

Bank Marketing Association's 1988 Distribution Strategy Conference is scheduled for June 12-15 at the Hyatt Grand Cypress, Orlando, Fla. The two-and-a-half-day conference will explain how banks and thrifts can maximize delivery system options by exploring "Distribution Alternatives...Our Marketing Highways."

General session speakers laying the foundation for "case study" concurrent sessions include: John F. Fisher, senior vice president, Banc One Corp., Columbus, Ohio; Donald G. Long, industry consultant-finance, IBM Corp., Princeton, N.J.; David J. Totaro, senior vice president, Dollar Dry Dock Savings Bank, White Plains, N.Y.; Joel Friedman, partner, Arthur Andersen & Co., San Francisco, and George Hood, manager-electronic banking services, Wegmans Food Markets, Inc., Rochester, N.Y.

More than 15 "how to" sessions will feature topics on branch strategies for physical layout, site selection, and employee training. Other sessions will discuss customer-activated distribution options, advanced information systems, corporate remote services, ATMs, and debit card technology.

For registration materials or more information, contact Jeanne Sanchez at 312/782-1442.

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