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OLDEST FINANCIAL JOURNAL SERVING THE CENTRAL AND WESTERN STATES

ON THE COVER

This peaceful scene at Ft. Logan National Cemetery in southwest Denver is typical of the many national cemeteries this nation provides as a final resting place for millions of veterans and their spouses. The American flag under which each of these men and women rallied in the cause of freedom in the nation's wars continues to fly serenely over them in silent tribute to their memories. It is an especially inspiring picture for all who pass by or visit the cemeteries on July 4, the birthday of the nation. Many of those buried here were killed in combat or died of injuries, but most of them are those who returned to civilian life and chose to be buried with their comrades.

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NORTHWESTERN BANKER

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Deluxe Shareholders OK Shortening Company Name

At its annual meeting held May 18 in Houston, Tex., shareholders of Deluxe Check Printers, Inc. approved a proposal to shorten the name of the company to Deluxe Corporation. The adoption of the name Deluxe Corporation took effect upon the filing of the amendment with the Secretary of State of Minnesota. Deluxe headquarters is in St. Paul.



H.V. HAVERTY

As a result of the expanding variety of Deluxe's business operations, the board of directors, at the recommendation of Deluxe Management, proposed the name change. It its traditional product lines, the company will continue to do business under the name Deluxe Check Printers.

President and Chief Executive Officer Harold V. Haverty told shareholders that Deluxe has steadily broadened its operations over the past few years. "Deluxe is a leading participant in all aspects of the U.S. payment systems market," said Mr. Haverty. "We also have a growing presence in the direct mail markets for forms, greeting cards, and related products. This year, the company's sales will exceed \$1 billion."

Mr. Haverty stated that the company's recent investments in technology and new businesses assure the long-term health of the company. He stressed that Deluxe's leading position in the check printing market results from a commitment to quality and service and that success in the company's newer businesses will be achieved in the same way.

All proposals presented to the shareholders were adopted. Whitney MacMillan, chairman and CEO of Cargill, Incorporated, was elected to the board of directors, filling the vacancy created by the retirement of Raymond H. Herzog, former chairman and CEO of 3M. All other directors were reelected.

Deluxe reported in April that it had record first quarter sales of \$286,172,431, up 22.6% over the first quarter of 1987 and net income of \$33,889,999, up 14.2% over the same period last year.

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Major Educational Campaign on Ag Secondary Market Launched by ABA

AN AGRICULTURAL secondary market resource center to help educate bankers and others on the benefits and advantages of taking part in a new era of agricultural financing has been established by the American Bankers Association.

"The ABA resource project is the first of its kind," said Les Peterson, member of the ABA Secondary Market Task Force. "It will help bankers understand exactly what the secondary market means for their banks, for their farm customers and for investors in 'Farmer Mac' securities," he said. Mr. Peterson is also president of the Farmers State Bank in Trimont, Minn.

Development of the secondary market for agricultural real estate and rural housing loans, known as "Farmer Mac," was authorized in legislation enacted last January as part of the financial assistance package for the Farm Credit System. It will enable banks and other lenders to make long-term, fixed-rate mortgages available to farmers and ranchers.

The ABA resource center will combine ABA expertise in the agricultural secondary market in the areas of government relations, communications, and education along with the various state bankers associations and ABA Agricultural

Banker Division. Elements of the resource center will include the following:

One-day seminars: In-depth sessions by a panel of experts on the secondary market, offered in conjunction with state bankers associations. The first of these seminars was sponsored by the Nebraska Bankers Association on March 24. Topics include:

- why it's a good idea to buy "Farmer Mac" stock,
- what kinds of loans are likely to be eligible,
- how banks can benefit from sales of pooled loans, and
- how loan originators benefit from "Farmer Mac" securities.

Secondary market manual (phase 1): A basic text which is used in the seminars. Among other things, the booklet will show bankers how to calculate initial pricing estimates, projected costs for farmers, and estimates of fees for bankers. The primer also describes anticipated returns for investors. ("Farmer Mac" will be the only secondary market available for rural housing loans of up to \$100,000 for residences in communities of up to 2,500 people).

Secondary market training manual: Published by the ABA Agricultural Bankers Division, this exten-

sive, in-depth manual will be the primary source of information on the agricultural secondary market for the banking industry. It will contain the final standards for origination, underwriting, appraisal, and mortgage terms and documentation for rural housing and agricultural properties. Publication of this manual is expected by late summer. For more information, contact Leslie Miller at ABA at 202/663-5100.

"This is the only effort of its kind that is designed to let the agricultural banker know exactly what the secondary market can mean for his bank's bottom line and for his individual community," Mr. Peterson said. "The seminars alone give bankers a detailed look at how small banks can originate more loans, how larger banks can pool loans for investors, and how banks can do both," he said.

In addition, ABA will continue to work with farm, commodity and other lending groups who are interested in the operation of the agricultural secondary market. □

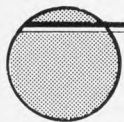
United Missouri Announces Staff Changes

The board of directors of United Missouri Bank of Kansas City, n.a. has announced the election of Robert W. Hatch to the board. Mr. Hatch is president and chief executive officer of Interstate Bakeries Corporation and its baking subsidiary, Interstate Brands Corporation.

United Missouri Bank of Kansas City also has announced that Roberta J. Byers has been promoted to senior vice president in the accounting department, and Helen M. Anspaugh has been promoted to corporate trust officer in the trust department.

Mrs. Byers coordinates the operations area of the accounting department for the bank. She joined United Missouri's accounting department in 1967 and has held several positions as an auditor and accounting officer. She has attended Northeast Missouri State Teachers College in Kirksville, Mo.

Mrs. Anspaugh manages the securities transfer operations for the bank's corporate trust area. She joined United Missouri in 1982 as a department supervisor. She previously was associated with a local financial institution.



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Record Data Announces Three Executive Promotions

Record Data, a subsidiary of TRW Inc., Cleveland, Oh., has announced the promotion of three company executives.

Patrick J. Nolan, III, has been appointed vice president and senior title officer. He joins the corporate staff at national headquarters in Cleveland. Mr. Nolan was branch counsel for a major underwriter before joining Record Data in 1984. He has served as vice president for the company's Minnesota service center and most recently was regional vice president of operations for the Great Lakes Region for nearly three years. He was appointed to his present post in April.

Paul S. Lehman has been advanced to regional vice president for the Great Lakes Region, which oversees Record Data business in Indiana, Kentucky, Michigan, Minnesota and Columbus, Oh. service centers. He has been with Record Data since 1985 as state manager/operations for the Columbus service center. Prior to 1985 he was with a major title insurance company.

Kirby L. Parker has been appointed state manager/operations for Record Data's Nebraska service center, with headquarters at The Exchange Building, 1905 Harney St., Suite 620, Omaha 68102. He has 12 years of experience in the title industry. He joined Record Data in November, 1987, as title facilities manager and was named to his Nebraska post last February. Mr. Barker makes his home in Papillion.

Edward Ketchmark Heads Fed's Des Moines Office

The Federal Reserve Bank of Chicago has named Assistant Vice President Edward Ketchmark officer in charge of the bank's Des Moines office.

Mr. Ketchmark, 43, was most recently responsible for market research and promotion in the operations and check services area at the bank's head office in Chicago. As head of the Des Moines office, Mr. Ketchmark oversees the check processing and automated payment services offered by the Reserve Bank to all depository institutions in the state of Iowa.

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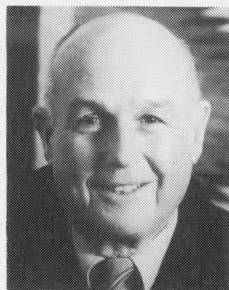
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Chairman William Seidman Reports:

FDIC Fund Remains Strong and Stable

DESPITE a record number of failures and assistance transactions, the financial condition of the banking system and the Federal Deposit Insurance Corporation remain strong and stable, FDIC Chairman L. William Seidman reported May 25 to the Senate Banking Committee.



W. SEIDMAN

In his report on the condition of the FDIC and the banking system, Mr. Seidman noted that the agency's insurance fund at year-end stood at \$18.3 billion, up modestly over a year earlier. "Based on current estimates of loss in 1988—including the loss on First Republic Bank Corporation of Dallas—we may experience some decrease in the net worth of the fund in 1988," Chairman Seidman commented.

Mr. Seidman noted that if there were a decline in the insurance fund, it would be the first time the cost of handling assisted and failed banks resulted in a loss to the fund. "Despite this," he said, "we believe the FDIC fund is sufficient to deal with any problems we can foresee in the banking system."

Addressing other issues he considers "most significant" to banking, Mr. Seidman said:

- Based on market capitalization, the world's 50 largest financial institutions—insurance, securities and banking—at year-end 1986 included only 11 U.S. companies, and only two of those were primarily banking organizations. Japan, he noted, had 27 in the top 50. "It seems clear that the stock markets do not believe U.S. banks will be among the future's leading global financial institutions under current conditions," Mr. Seidman commented.

- Significant increases in bad debt reserves by most major U.S. banks in 1987 place the banking system in a much improved position in terms of its exposure to LDC debt. Mr. Seidman noted that money-center banks have reserves against about 25-30 percent of their non-trade LDC exposure, while large regional banks now have reserves

covering about half of their non-trade LDC debt. "Based on the use of 25 percent of export income to service debt," Chairman Seidman said, "the level of reserving taken as a whole appears reasonable for present conditions."

- The main problems in U.S. banking continue to be concentrated in areas having severe economic problems. Mr. Seidman pointed out that banks holding roughly 50 percent of the banking deposits in Alaska, Oklahoma and Texas have or are expected to require financial support, either from the FDIC or from other sources. "Such widespread weakness in those states will continue to be a significant burden for the FDIC," he said, "at least for the short run."

- Recent transactions involving First City Bancorporation and First Republic Bank Corporation demonstrate the FDIC's resolve to maintain stability in banking without extending the federal safety net to bank holding companies. Mr. Seidman noted that the FDIC has submitted proposed legislation that would allow regulators to require the emergency consolidation of a failing bank with other banks in a multi-bank holding company. He also pointed out that the investment community now demands an interest premium over bank CDs to provide funding to holding companies. He noted that not extending the safety net is important if holding companies are permitted into new non-banking activities.

- The problems of the thrift industry and the FSLIC are affecting the banking industry by increasing the cost of funds and forcing banks to compete in an unfair environment against insolvent institutions. Because this situation has a destabilizing effect on banking, resolving FSLIC's problems is important to the banking system and the entire financial system, Mr. Seidman said. He noted that the FDIC has undertaken a complete review of the role of deposit insurance, to be completed by the end of 1988.

Chairman Seidman concluded:

"Although sound, the banking industry is experiencing a stressful period of evolution. There are pro-

blems and challenges that must be faced by banks, bankers, regulators and Congress. These problems are not easily resolved, but can be managed. We look forward to cooperating with the Congress in whatever way possible to insure that the banking industry remains safe and sound, the backbone of the U.S. economic system and a competitor in world markets." □

High Performance Secrets Are Detailed in New Book

Based on extensive research among high performing banks that regularly earn considerably more than their neighbors, a new book titled *Secrets of High Performing Bankers* illustrates the way high performers think and operate. Its author, Robert Long, says he prepared the book to enable financial executives to compare easily their own perspectives and action patterns with those who achieve consistent high performance.

Mr. Long is well qualified to author this type of useful study book for decision-making bankers. He was widely-known for many years when he served as a staff officer of Bank Administration Institute, where he counseled bankers on automation payment systems and management strategies. Mr. Long was in the forefront in the banking industry of those who perceived the great value of microcomputers when they were in their infancy. He left BAI to found *MicroBanker*, the financial industry's most successful microcomputer newspaper. Later, he was president of the Sendero Institute, and currently is president of Thinking Technology Associates in Phoenix.

Through his nationwide contacts with bankers in his extensive seminars, speeches and consulting work, Mr. Long amassed detailed reports on what lies behind the financial reports that indicate high-performing banks and bankers. In pinpointing their success, Mr. Long states, "Their secret is simple. Just set the right goals and get everything coordinated—the marketing, the financial strategies, the operations, the employees, the executives, the board and the regulators. It's not always easy, but observe how the high performers do it and you

● BMA Panel Selects Outstanding Ads

● **B**ANK Marketing Association, the national trade group for financial service marketing professionals, has selected the most outstanding examples of advertising in print, TV and radio for 1988.

● Winning banks and thrifts from across the U.S. were awarded certificates of excellence during special ceremonies at BMA's annual Advertising Conference held at the Westin Hotel in Chicago. The awards, 131 in all, were presented in three categories: Best of Print, Best of TV, and Best of Radio.

● More than 1,400 entries to BMA's 16-year-old competition were judged in several media sub-categories and according to bank asset size and/or production costs. Participant at the

Advertising Conference voted on a "Best of Show" award in each of the three major categories—print, TV and radio.

● Winner of the Best of Show award in radio was Chase Lincoln First Bank N.A., Rochester, N.Y., submitted by Andrew R. Morrison, senior vice president/manager of marketing services, and Hutchins/Y&R, a New York-based ad agency. All told, there were 26 Best of Radio winners.

● South Carolina Federal Savings Bank, Columbia, was declared the Best of Show winner in the TV category. The entry was submitted by Elizabeth M. Tapp, vice president-sales management and marketing, with HutchesonShutze, Atlanta, as

the agency. There were 24 best of TV winners.

● In the Best of Show for print, Norwest Corp., Minneapolis, was voted the winner. The entry was submitted by Karen Alnes, Norwest's advertising director, Campbell Mithun Advertising, Minneapolis, was the agency. The Best of Print winners totalled 81 for the 1988 competition.

Both the Best of TV tape and the Best of Radio cassettes are available from BMA. The Best of TV tape sells for \$130 a copy while the Best of Radio cassettes can be purchased at \$30 each. The winning print ads are available in a bound book available for \$35 a copy.

For more information on the "Best Of" winners, contact BMA's advertising department at 309 W. Washington Street, Chicago, IL 60606, 312/782-1442. □

● may get some ideas on how to improve the coordination of activities in your institution."

● To make *Secrets of High Performing Bankers* even more useful, Mr. Long also developed a two-hour audio tape seminar based on the research findings. He reports that early users of the book and tape seminar have found it an excellent basis for team-building, user groups, officer retreats and other performance improvement discussions.

● The book and tape seminar are priced at \$34.95 each, or may be obtained as a set for \$50.00, with quantity discounts available. Contact Thinking Technology Associates, 1309 E. Northern, Suite 910, Phoenix 85020, (602) 944-7245.

● IBAA Bancard Meeting Attracts 150 Bankers

● More than 150 bankers from 31 states registered for the second annual IBAA Bancard Conference held at Minneapolis in mid-May. "Building Your Business" was the theme of the meeting for bank officers and staffers who direct credit card activities in member banks of the Independent Bankers Association of America.

● In addition to learning that banks in the program have more than doubled in the past year—to 350—delegates were told that the IBAA-sponsored program had recently

joined the Cirrus and PLUS ATM networks to give member banks' customers access to the two national ATM networks for cash advances; were to be offered a flexible enhancement package to attract new cardholders; were soon to receive significant discounts for merchant supplies, and that Bancard would soon begin publishing a new quarterly operations newsletter for member banks.

Representatives of both MasterCard International and Visa U.S.A. were on hand to share company

plans and growth statistics with Bancard participating banks offering both MasterCard and Visa cards. Also appearing before the group was the president of Telecredit Service Center, Inc., the national processor for Bancard, who discussed a plan for regional Telecredit offices.

The two-day meeting also featured seminars on marketing, processing, compliance, card enhancements, merchant relations, and bankruptcy and recovery procedures.

ATM Access and Customer Usage Grow

● **A**UTOMATED teller machines continue to be a key retail service in commercial banks nationwide, according to the American Bankers Association's new *Retail Deposit Services Report*.

The ABA study found that 96 percent of medium-sized banks (assets of \$100-500 million) and almost all (99 percent) large-sized banks (\$500 million or more in assets) operated ATMs in 1987 and the average number of annual transactions processed on those bank operated ATMs was between 388, 500 and 8.8 million, depending on bank size.

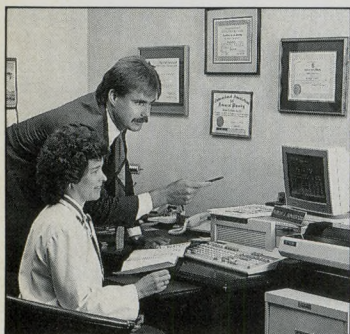
The report also showed that 31 to 77 percent of community banks (assets of \$100 million or less) reported operating ATMs with an average number of 34,000 to 90,000

customer transactions processed on bank operated ATMs.

All banks, however, projected a significant increase in customer transactions in 1988, especially \$50 to 100 million-asset community banks, where transactions were expected to reach 131,800 by mid-1988, up 46 percent from a year ago.

The growth of ATM services reflects a strong banker commitment to convenience and customer service, according to Terry Kors, chairman of ABA's Branch Administration Division and senior vice president, Citizens and Southern Bank Corp., Tampa. "By offering customers after-hours access to their bank accounts, ATMs enhance, but don't replace, traditional banking services."

"...fee income from our Investment Center continues to exceed all our expectations!"



Investment counselor Bob Gunderson discusses an investment with one of his clients.

When Bill Beohm, president of Tama State Bank, decided to provide a full service investment center for the bank's customers, he looked into a number of companies offering this type of service. "We chose Investment Centers of America," Bill says, "because they have years of experience in working with independent banks such as ours and a proven track record of success."

Beohm was certain the program would succeed but was surprised how quick-

ly it happened. *Surprised* how the Investment Center's hand-picked representative, Bob Gunderson, established "almost instant credibility" in the bank and in the community. *Surprised* at the many new faces he saw in the bank because of the Investment Center. *Surprised* at the amount of cross-over business the center has generated. *Surprised* how bank deposit levels remained stable as customers drew money from other institutions, brokerage houses, insurance companies, etc. to fund their investments.

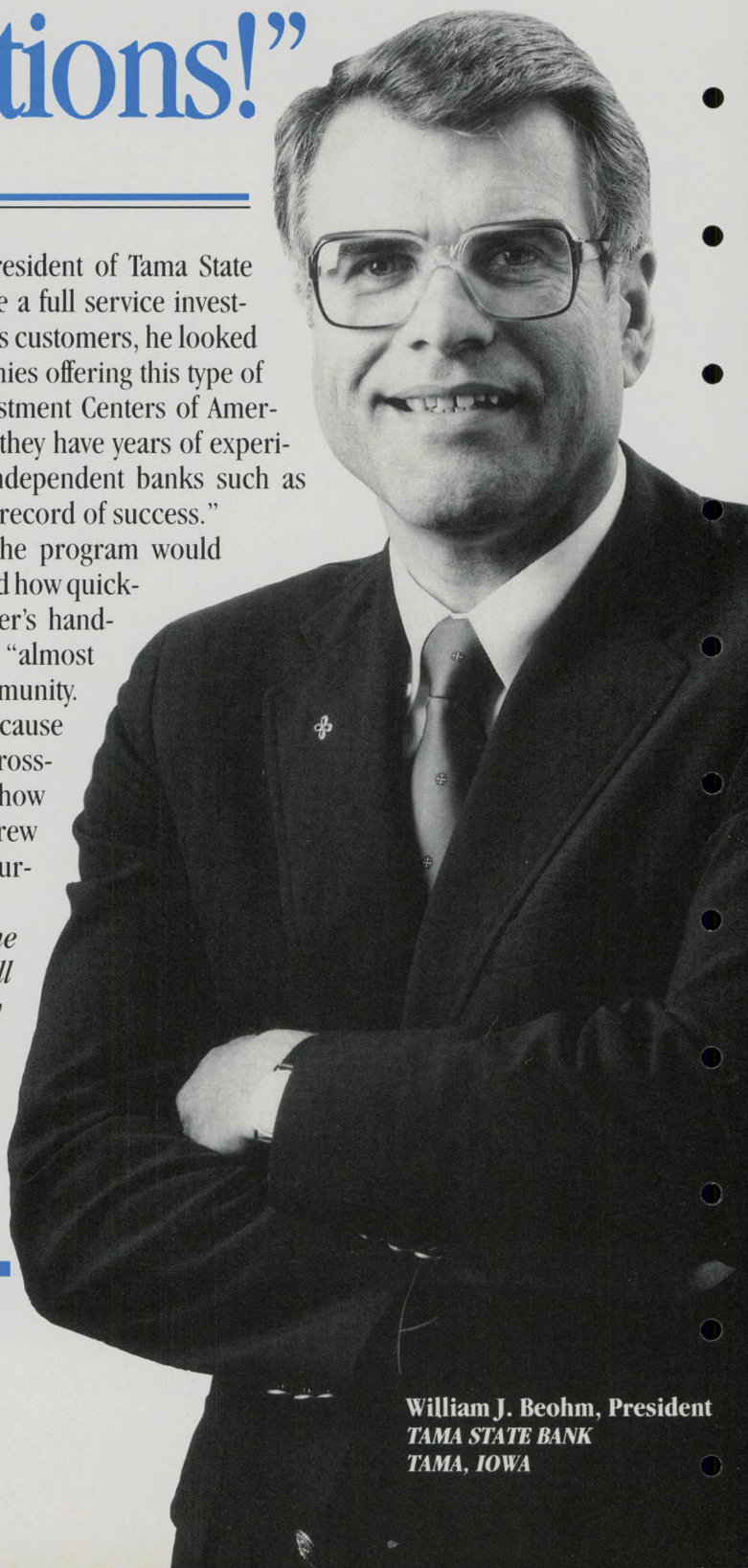
"Most of all, we're surprised at how fee income from our Investment Center continues to exceed all our expectations!", Beohm says, *"and it's all new money... income we would not have had otherwise."*

It's no surprise that 60% of *your* customers would prefer to consolidate their financial affairs at one bank — that's research-proven! For more information on establishing an Investment Center in your bank, call or write today!



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William J. Beohm, President
TAMA STATE BANK
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Outlook for community banks in the world of the Too Big to Fail!



By **KENNETH A. GUENTHER**
Executive Vice President
Independent Bankers
Association of America
Washington, D.C.

...presentation to the Restructuring America's Financial Services Industry Conference at Morin Center for Banking Law Studies, Boston University School of Law, April 20, 1988.

LOOKING to the year 2000, we can be confident that many community banks filling specialized niches in the market will be among us, around us and a comfort to us. I am similarly confident that such community banks even at that time will not be trying to restrict the disadvantaged of our society—the disadvantaged who may not have entered the paper world of checks, let alone plastics—to automated teller machines instead of human tellers. The only issue is one of numbers, and the merger-acquisition age is upon us. But numbers games are silly, barren, lack meaning and are so often wrong. Remember the predictions of the late 1970s and early 1980s? One would think their primary purpose was to encourage feelings of fear and trembling in small banks.

Two Caveats

I have two caveats to this optimistic prediction:

(1) First, it assumes that the industry remains a key player in the private sector—that quasi-nationalized institutions like Continental Illinois, First Republic and the brain dead thrifts don't survive and prosper in the years ahead to the detriment of institutions still laboring under the disciplines of free market theology, whose basic tenet is the right to fail. More than 65 community banks failed in Texas in the last 15 months. Texas is an overbanked market. A process is underway whereby inefficient institutions are being culled out; and then, the government intervenes to say—we decree that some of you, based solely on size, are immortal, and if it causes the rest of you to suffer more, so be it.

FDIC Guaranteed Deposits

How does something like this work its way through the system? We have the recent example at hand. By direction of the Board of Directors of the FDIC, on

March 29, 1988, Hoyle L. Robinson, executive secretary, wrote a letter to Mr. Gerald W. Fronterhouse, the then chairman and chief executive officer of the First Republic Corporation which stated *inter alia*:

At the time of the financial assistance, the FDIC also determined that all the depositors and general creditors of the First Republic banks would be fully protected and that services to the customers of these banks would not be interrupted. The express intent of this determination was to assure all depositors of the banks, insured and uninsured, and all general creditors of the bank, that valid and enforceable obligations of the bank will be fully honored, regardless of the nature of the long term solution that may be announced regarding First Republic . . . This assurance and the financial support provided should relieve anxieties about the safety of transactions with the First Republic banks. You may provide copies of this letter to customers and depositors as you deem appropriate.

Here, a footnote is appropriate. At approximately the same time, the *Wall Street Journal* reported that the Federal Home Loan Bank Board had given similar guarantees to the depositors and creditors of the second largest thrift in the world, the Financial Corporation of America.

Marketing Tool for Republic

On April 5, a letter was sent to the customers of the First Republic Bank over a signature of its top officers. Its salutation was—unsurprisingly—Dear Customer. It enclosed the letter from the FDIC and it used this FDIC letter as a marketing tool. The April 5 First

“What these policy statements mean is what banks above a certain size have known for years—they they will not be allowed to fail. For them, \$100,000 in deposit insurance becomes irrelevant.”

Republic letter stated, “the express intent of this determination was to assure all depositors of the bank, insured and uninsured, and all general creditors of the banks, that valid and enforceable obligations of the banks will be fully honored. This guarantees depositors and general creditors that ALL of their obligations of the banks will be honored, regardless of the amount involved . . . you should be fully aware that your depositors, transactions and obligations are completely safe.” ALL was capitalized and underlined.

Thus, one of the sickest of the Texas depository institutions was authorized to market a product by federal regulators that no other financial institution can market—a fail-safe CD over \$100,000, fully protected by the government. In addition to having this exclusive product, we are not aware that regulators have enforced rate or loan pricing discipline on this quasi-nationalized institution.

At this time, an historical reference may be appropriate. In addition to moderator Jerry Hawke, another great financial thinker was Sir Thomas Gresham (1519-1579). Hawke’s duty was to explain legal principles to the former Fed Chairman Arthur F. Burns. He was not always successful, fortunately. Gresham explained to Queen Elizabeth the financial principle that bad money drives out the good. Only the purists in the audience would regard First Republic CDs as “good money.”

Second Caveat

(2) My second caveat assumes that the leaders of the banking industry do not give away our franchise—and perhaps one of the most essential remaining components of our existing franchise is FDIC insurance coverage to the \$100,000 level. Now why would banker “statesmen” volunteer to give this away? Why would the chairman of First Union, Edward E. Crutchfield, testify before the Senate Banking Committee on December 8 of last year that “First Union Corporation would give up its deposit insurance in return for expanded securities powers”? This is a direct quote from a December 9 lead story in the *American Banker*. Only Mr. Crutchfield knows why he said this. But it has been said, so let us put in place a hypothesis.

Too Big to Fail Doctrine Emerges

In the early 1980s, then Comptroller of the Currency C. Todd Conover, against the backdrop of the bailout of Continental Illinois, first enunciated the too-big-to-fail doctrine. FDIC Chairman Seidman, in his National Press Club appearance on October 16, 1986, acknowledged that this policy was still in effect.

What these policy statements mean is what banks above a certain size have known for years—that they will not be allowed to fail. For them, \$100,000 in deposit insurance becomes irrelevant. They have something better—all deposits at their banks, and their banks alone, are not at risk. They have achieved

immortality! And, since they have something better, deposit insurance becomes a bargaining chip. Smaller depositories don’t have this luxury—as noted, they are failing in record numbers since the Great Depression and, in some instances, depositors over \$100,000 have lost money and general creditors haven’t been made whole. The level of deposits in community banks is directly related to the maximum level of deposit insurance in their banks. Proposals to reduce deposit insurance coverages must be regarded as proposals which look towards draining the deposit base of smaller institutions to the benefit of the large.

No Assessment for Risk

Another aspect of giving away our franchise is peddling the notion that all banks are equal. We aren’t. Continental and First Republic and money center banks in general present a systemic risk to the financial and insurance systems. The Farmers and Merchants Bank of Ellicott City presents no such risk. Unfortunately, the assessment base of our present insurance system makes no provision for assessments based upon the systemic risk to the system.

Similarly, there is great resistance to the concept that all liabilities of the system should bear an insurance assessment. Foreign deposits are a clear liability. Why aren’t they assessed? These issues become very alive when the FDIC is losing money for the first time in its history and when billions of FDIC funds are being channeled to support the too big to fail. How long, oh Lord, are community banks going to be called upon to subsidize the big?

How Effective Are Firewalls?

Another way of destroying the commercial banking franchise is to so expand the coverage of the safety net—the network of government programs underlying the safety and soundness of the banking system—to make it meaningless. Fed Chairman Alan Greenspan has testified that he believes in firewalls. He has stated, “The important point is whether these measures would cause the risks of securities activities to be passed on to banking institutions and to the federal safety net. As I indicated, the Board believes that the corporate separateness measures that we recommend should be put in place effectively deal with these problems.” (Chairman Greenspan’s November 18, 1987 testimony before the House Banking Committee.)

But, fortunately, equally formidable voices have sown the seeds of doubt and disbelief about the effectiveness of firewalls. Is it the course of wisdom to construct a new financial system on the basis of untested beliefs? Former Fed Chairman Paul Volcker was not a believer. Neither was former Citicorp head Walter Wriston, who perhaps expressed his doubts best. In 1981, he told the Senate Banking Committee that “it is inconceivable that any major bank would walk away

- from any subsidiary of the holding company. If your name is on the door, all your capital funds are going to be behind it in the real world. Lawyers can say you have separation, but the marketplace is persuasive and it would not see it that way."

● Congress Now Being Petitioned

- The Congress is being asked to sign off on a new financial blueprint based on belief in firewalls—based on the belief that nonbanking subsidiaries of holding companies can be insulated from the bank and the federal safety net. Now if this belief is correct, there may be some logic behind the new conglomerate financial structures that are being advocated. But if this proves to be the worshipping of a false god and if the subsidiaries cannot be insulated from the bank and the federal government's safety net, then we will have taken a major step towards far greater government intervention in our system. And, in the fairly near future, we may see a too-big-to-fail conglomerate linking commercial banking, insurance, real estate, etc., belly up to the government bar for a bailout.

- While some of the present high priests of deregulation have staked their case on a belief, others just don't believe in the safety net. They believe that banking is a business like every other business. But, as regards the latter, every society has had fringe elements advocating thoughts destructive to the financial and social order as a whole.

● Reagan Era of Deregulation

- Let me close this brief opening presentation with a recent historical perspective. We are coming to the end of an era—the Reagan era. The Reagan Administration did have in place and aggressively pursued a sweeping deregulation agenda. The model of this agenda under Treasury Secretary Donald Regan was the Merrill Lynch financial supermarket model. Undersecretary of the Treasury George Gould's deviation to the super bank model was not a significant change.

- This Administration has had no use for specialized financial institutions. Secretary Regan said it best in Chicago in September, 1981. In setting out the deregulation blueprint of this Administration, he stated:

- Another problem fostered by regulation is specialization. In some ways, specialized financial institutions are like that rookie pitcher who comes up from the minors and mows them down with his fastball. You can bet that the opposition will have adjusted by the next season, and our pitcher better have more than just a fastball if he wants to stay in the big league.

● Secretary Regan's Approach

- To implement this vision, Treasury Secretary Regan and his Congressional allies worked first to give thrifts the foundation powers of banks: demand deposit accounts and commercial lending powers. This was done in the Garn-St Germain Act of 1982 and even the *Wall Street Journal* now criticizes this law as having contributed to the thrift and the FSLIC crises we are presently facing. A March 25, 1988 *Journal* article stated:

- Much of the S&L debacle can be traced to the 1982 Garn-St Germain legislation, and subsequent state deregulation, that gave broad and risky new powers to S&Ls.

Now, with those problems still unresolved, Congress is contemplating further banking deregulation, the repeal of the Glass-Steagall Act that separates commercial and investment banking. However, the GAO's Mr. Wolf worries that some commercial banks would run wild and pile up losses in investment banking—just as some S&Ls did when their lending and investment powers were expanded.

Results of Secretary's Work

History has still not written how Secretary Regan blackmailed the banking industry to get them to sign off on the unfortunate bill. Mr. Regan told the banking industry that they would not get competitive deposit-taking instruments unless they signed on the dotted line, even though he had full authority under the historic 1980 Depository Institutions Deregulation Act to give banks these competitive instruments.

Regan and Company then went after the separation of banking and commerce. Fed Chairman Paul Volcker and friends fought them for five years and the separation of banking and commerce was reaffirmed by the bill that President Reagan reluctantly signed into law on August 10, 1987, closing the nonbank bank loophole.

"I am confident that if the too big to fail doctrine stays in place, future historians will regard [Sen. Proxmire's] bill as a turning point."

Thus thwarted, the Administration then turned its attention to the repeal of the Glass-Steagall Act, which prohibits the common ownership of commercial banks and securities firms. It is my judgment that they would have gotten nowhere with this except that first Ken McLean, Senate Banking Chairman Proxmire's Chief of Staff, and then Chairman Proxmire became converts to this cause. They were also facing their last hurrah and the golden fleece of history was beckoning.

Portent for the Future

I am confident that if the bill that Chairman Proxmire so skillfully maneuvered through his Committee and the Senate becomes law, the door will have been opened significantly to a far more concentrated financial system in the years to come, to the detriment of specialized financial institutions like community banks.

And, I am confident that if the too big to fail doctrine stays in place, future historians will regard this bill as a turning point because it gave legislative sanction not only to the common ownership of securities firms and commercial banks—but also to the common ownership of banks, securities firms, insurance firms, real estate firms and travel agencies in the context of these conglomerates being too big to fail.

And, if this is the case, I am also confident that in retrospect, this legislation—like the 1982 Garn-St Germain Act—will be regarded as having been a serious mistake. □



Written especially for
THE NORTHWESTERN BANKER
By **DR. DOUGLAS V. AUSTIN**
President and CEO
Austin Associates
Toledo, Ohio
and
Professor
Department of Finance
College of Business Administration
The University of Toledo
Toledo, Ohio

Professional Advisors for Bank Directors

Editor's Note: After numerous visits at recent state conventions with bankers about problems they face internally, with regulatory procedures, and with some customers, we asked Dr. Austin to prepare an article that would specifically discuss for bank directors what resources they can draw on for help in making necessary decisions to resolve these problems as they arise. Dr. Austin graciously responded with the following article. It is being presented in two parts. Part I discusses how the board can utilize professional advisors, while Part II, which will be published in next month's issue, will give the board 14 guidelines on "How to Obtain Professional Assistance." We hope bank owners, directors and management find this special series useful.

Part I

THE state and federal regulatory agencies expect you as boards of directors to be omnipotent. If you are not, you have significant potential liability as a director. Most of you are not professional bankers, financiers, or accountants. Generally, you are businessmen; professionals such as doctors, dentists, veterinarians; housewives; farmers, and other vocations and professions not allied with the financial industry. In fact, if most of you have one thing in common, you are not financially oriented. How many of you need to have your checkbook balanced for example? You seem to be caught in a Catch 22 — you are supposed to direct and supervise a financial organization while, at the same time, your strengths as a human being are in other areas of endeavor.

How do you solve the problem of supervising and

directing the bank/bank holding company in a prudent and solvent manner while, at the same time, covering your deficiencies as a director?

At the outset of this commentary, I must confess as to my credentials so you will know the position I come from in this commentary. I am president of a national financial institution consulting firm which specializes in assisting community banks throughout the United States and, thus, act as a professional advisor, investment banker, and financial institutions consultant to banks. I am also an attorney and a Chartered Financial Analyst. Therefore, I guess you can call me at least a professional advisor "cubed." Now that you are aware of my credentials and might be in favor of professional advisors because of my bias, I would like to talk to you about how professional advisors can assist you in supervising and directing your bank so you can meet your fiduciary responsibilities and feel more comfortable about your purported deficiencies as financial analysts and financiers.

Utilizing Professional Advisors At the Board Level

Professional Staff

Your first professional advisors are right at hand at all times. They are your professional staff within the bank. A complete commentary could be developed on the competency of your staff, but your first line of defense against insolvent and unsafe banking is a high quality, modern, progressive, intelligent and honest management and staff.

If your president and chief executive officer is not as competent a person as you can obtain with your limited resources, then you are headed for trouble. If your lenders are not competent and do not know all of the tricky regulations and problems with lender liability, you are heading for trouble. If your accounting department cannot get the bank to balance, and your internal auditor could not find the elephant in the loan ledger, then you are headed for trouble.

On the other hand, if they are good, competent and honest, they are your first checks and balances. Thus, your first set of professional advisors are your professional staff.

However, always keep in mind the old adage which I coined several years ago and that has spread around the

● “(If) your legal counsel is on the board, he or she wears two hats and is in a high priority conflict of interest.”

● country: “Respect Your Management — Don’t Trust Them.” A recent study by the Comptroller of the Currency indicated that of all of the bank failures, in 57% of the cases the C.E.O.s were “desk spots” who made all of the decisions. Also, in at least 20% of the cases, misappropriation or embezzlement of funds were one of the causes of the failure of the bank. The professional management should be treated with respect, until they lose it, but they should not be trusted with the entire operation of the bank without a series of checks and balances.

● The other professional advisors discussed below are those that you use to assist you as directors in providing the checks and balances necessary for the safe and solvent operation of your banking institution.

● Bank/Bank Holding Company Lawyer

● As noted above, I quote “lawyer.” I believe that after 10 years of being a lawyer, a Ph.D., and a bank consultant for over 20 years, I understand the role of a bank lawyer in your type of institution. Essentially, you need two types of lawyers and they may be encompassed in one individual or one law firm in your area.

● The first type of lawyer you need is the day-to-day operational bank counsel who will assist you in the filing of mortgages, security agreements, financing statements, and other legal documents necessary to the daily operation of your banking institution. This local bank counsel also will assist you in the collection of problem loans, legal filings for foreclosure and litigation purposes. This type of lawyer is necessary because your bank operates in a financial environment at all times, and you need competent legal assistance to provide you with the expertise in order to perform the job as a financial intermediary.

● In addition, the legal counsel can also assist you in advising the board as to what it should or should not do in certain matters and should act as the secretary to the board and auditor of the financial filings of the bank and its legal documents necessary for its fulfillment as a corporation within your state or under the National Banking Act. For this purpose you do not need a big city lawyer unless the local lawyers are not capable of doing the job.

● Furthermore, you should consider carefully *not* placing your local lawyer on your board of directors. As soon as your legal counsel locally is on the board of directors, he or she starts to wear two hats and is in a high priority conflict of interest position. Your local bank counsel should come to all of your board meetings, executive committee meetings and loan committee meetings where decisions will be made that could affect the legal liability of the bank and/or its personnel. It is not necessary for the bank counsel to show up at meetings which are procedural or administrative in nature. However, as soon as your bank counsel sits on the board, he or she is a director and is subject to all of the liabilities of a director. They may in the future be subjected to compromising the bank’s position with that of the directors’ position on any particular legal matter that might be faced by the bank.

● I recommend that bank counsel be retained to assist the board of directors, but not to be a “cheap” lawyer member of the board. This so called “cheap” lawyer on the board

may end up being very expensive to you in the long run. I should note that not all lawyers agree with me but, unfortunately, most of the lawyers who do disagree are bank directors. They assume that if they sit on the board, they can act as bank counsel. Furthermore, their law firms are often retained by the bank/bank holding company. If you are a bank counsel and a member of the board of directors, you can perform your duties as bank counsel without any apparent or real conflict of interest, while at the same time, not diminishing the funds received by you and/or your law firm.

● The other type of bank counsel that might be necessary would be the specialized legal counsel to assist you in lenders liability cases, branch and/or merger or consolidation acquisitions or bank sale. There can be other types of transactions involved here, but essentially it is the types of transactions which are irregular and not specific in nature. If, for example, you received a Cease and Desist Order from your state and/or federal regulatory agency, your local bank counsel might not be the appropriate person to handle the negotiations to assist you in meeting the conditions of the Cease and Desist Order. Furthermore, if you were required to add capital to your bank/bank holding company, specific “out-house” counsel might be of advantage to you because they treat these types of transactions on a regular basis and your local counsel may never have seen such a transaction.

You, as directors of the bank/bank holding company should know when to retain out-house counsel to assist you in a specific and often significant transaction. If your local bank counsel is worth it, he or she will know when to recommend retention of such “out-house” counsel.

Outside Auditors

Bank counsel are not the only professional advisors you need on a regular basis. Whether you like it or not, a significant check and balance that you should use to assist you in determining the safety and solvency of your banking organization is the outside audit firm. There is no attempt here to recommend one outside C.P.A. firm over another. However, I am most insistent as a professional that one of your best checks and balances for your solvency is the utilization of an outside auditing firm to protect against misappropriation of funds, embezzlements, fraud conversions, and other significant problems that can wipe out your bank through the dishonest practices of your personnel and/or their incompetent skills.



In the old days, you used to be able to expect the state and federal banking examiners to do this job for you. However, with their emphasis on assisting the problem banks, their administrative and staff cutbacks, and tendencies to examine today by computer or through the mail, they are less of a check and balance than they were before.

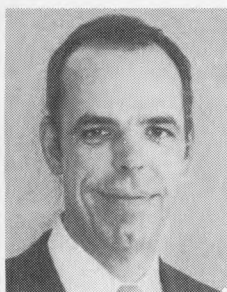
You probably say you cannot afford to use an outside C.P.A. firm to do a certified audit. Realistically, you cannot afford *not* to have an outside audit done. The cost is not

PROFESSIONAL ADVISORS. . .

(Turn to page 16, please)

Control staff workload to:

Push profits 
Push expenses 



Written especially for
THE NORTHWESTERN BANKER
By AUSTIN P. LAWLER

President
and

JANE M. CONROY
Chief Consultant

Austin P. Lawler & Associates, Inc.
St. Charles, Ill.



HAVE you ever seen five teller windows open at 10 a.m. with not a customer in sight, and found the same lobby packed at noon with only three tellers to handle the customers? A staffing problem in the teller line is certainly the most obvious example to management—as well as to a bank's customers—of poor employee utilization. But closer examination will reveal variations on this theme in other departments. Every institution contains potential for better control over employee utilization.

Payroll is your single largest non-interest expense; ensuring that each and every employee is maximally productive is essential to controlling costs. Keeping a sharp eye out for misapplied staff and wasted hours is an ongoing need in any organization and you should be able to expect your managers and supervisors to identify opportunities for improvement as they arise.

Begin at the First Level

This control must begin with first level supervision: the people on whom you depend to provide recommendations as to what is needed to effectively accomplish all tasks assigned to a department. Often, those super-

■ **ABOUT THE AUTHORS**—Austin P. Lawler and Associates is a bank management consulting firm that specializes in the areas of cost reduction and income improvement. Its programs are designed to provide a bank's supervisory staff with the tools and training necessary to manage in the most cost effective manner.

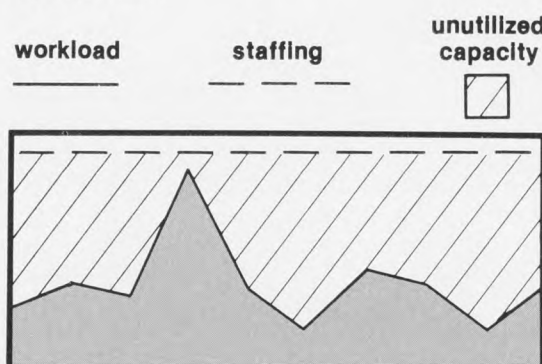
Austin Lawler and Jane Conroy and their staff have provided service to a broad variety of banks in a wide range of marketplaces and are the largest provider of cost reduction programs to Iowa banks.

visors have been promoted based on superior technical skills; however, this does not automatically prepare them for management, and this gap in training will certainly impact staffing.

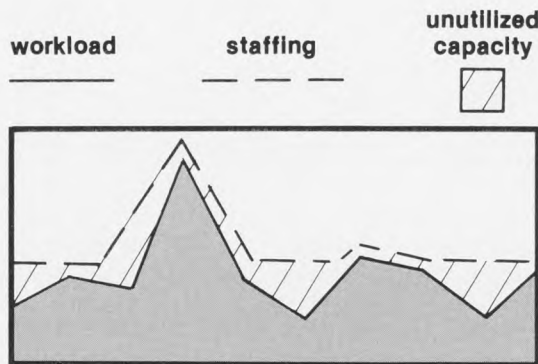
We are all aware that workloads are *not* constant—that every bank experiences peaks and valleys in available workloads. Yet, without a method of identifying existing workload variations precisely, and defining exactly how many hours should be applied, staffing requirements are largely a matter of informed guesswork. And when your supervisors are estimating, there is a natural tendency towards overstaffing. After all, who has to answer for any problems in meeting deadlines or excessive overtime? Any conscientious supervisor wants to be absolutely certain that he/she is covered for peaks as well as valleys.

Illustrations

This approach to staffing is illustrated by the accompanying chart:



To control costs, what you are aiming for looks more like this:



To ensure that you are maintaining this degree of control over the utilization of your most expensive resource, you need to know that each hour paid for is being used to your best advantage.

Understand Three Basic Points

To manage this time effectively, your supervisors need to apply the following terms:

ACTIVITY—What is each employee actually doing with his/her time?

VOLUME—How often and how many times does this activity occur?

STANDARD—How long does it take?

CONTROL STAFF WORKLOAD...

(Turn to page 16, please)

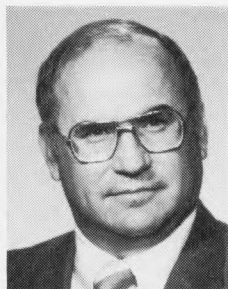


Microcomputers and Automation Issue

Customers Get Cash or Credit . . . with



SHAZAM
ADVANCE



Written especially for
THE NORTHWESTERN BANKER
By **DALE A. DOOLEY**
President and CEO
ITS, Inc.
Des Moines, Ia.

DDA or savings account. A credit transaction only affects this credit account.

The customer will insert his/her SHAZAM card into an ATM, enter the personal identification number (PIN), select the option for a credit cash advance, then select the amount desired. If the transaction is approved, the money is dispensed.

SHAZAM Advance Purchase

Customers will also be able to make purchases using their credit account at merchant locations which accept SHAZAM Advance transactions. In addition, merchants will be able to offer their own cards which will be supported by the credit function.

The merchant will handle the SHAZAM Advance transaction as follows: The clerk at the merchant location chooses the credit key, the customer then swipes the card and enters the PIN.

The cardholder data processing center (DPC) determines whether to approve or deny the transaction and formats a response message to return to ITS. ITS processes the message and routes a formatted response to the establishment DPC.

The establishment DPC returns the response to the terminal and the customer receives a receipt describing the transaction processing results. If the transaction was an approved purchase authorization, the merchant's account is credited at their sponsoring FI.

Advantages of Advance

The advantages of SHAZAM Advance to the customer include:

- using your current bank card and add SHAZAM Advance.
- offer credit card cash advance at ATMs.
- make purchases using credit account at retail locations which accept SHAZAM.
- receive many of the same benefits as national credit cards.

Benefits to FI

Financial institutions will enjoy many of the benefits of this new product, such as:

- open a line of credit for selected customers.
- control your own FI's accounts receivables.
- FI determines the merchant discount (if any).
- offer customers many of the same benefits as national credit cards.
- will not have to reissue cards to provide customers with credit.

ATM debit cards could become dual purpose cards with the introduction of SHAZAM Advance.

ITS, Inc., operator of the SHAZAM network in a five-state area, is introducing this new product to supplement the current uses of the debit card. SHAZAM Advance allows consumers to receive ATM cash advances from a line of credit established by their financial institution. Also, customers will be able to make purchases using their credit account at merchant locations which accept SHAZAM Advance transactions. In addition, merchants will be able to offer their own cards ("private label cards") which will be supported by the credit function.

This newest product enables your customers to receive cash advances and make purchases from retail merchants who participate in this electronic banking service.

The credit transactions will be processed in a similar way that a debit transaction is processed to a DDA or savings account. FIs will not have to issue cards to provide customers with credit. The credit option will be an "add-on" feature to the SHAZAM cards customers already use.

Everyone else issues cards as an agent. They don't get to share the profits, but they also don't share the risk. We at ITS began to realize that we really didn't want to issue a traditional MasterCard or Visa. They involve a lot of complicated rules and many banks already offer both cards to their customers.

Unlike an overdraft or checking account, SHAZAM Advance is electronically processed through an ATM terminal. If the transaction is an approved ATM cash advance, money is dispensed. If the transaction is an approved purchase authorization at a retail location, the customer receives the merchandise and the retailer's account is credited at its sponsoring FI.

SHAZAM Advance Cash

Here's how a SHAZAM Advance cash transaction works:

The cardholder FI offers a line of credit to be tied to the cardholder's customer card number. A credit line is established, which is separate from the cardholder's

Benefits to Retailer

From the standpoint of the retailer involved, this is also an attractive service and benefit. The advantages to the retailer include:

- may offer private label credit cards for customers. Credit transactions with these cards are only allowed at that retailer's stores.
- enhance customer purchases for more volume.
- may not be charged for discount like MasterCard and Visa.

Bankers Comment

"I think this will be an excellent opportunity for FIs to control their accounts receivables and offer more competitive rates to both merchants and customers,"

said Dennis Wood, president of Bankers Trust in Des Moines.

"When this option becomes available, it will give smaller FIs a chance to offer their own credit program to their selected customers," said James Miller, chairman, Pioneer Bank in Sergeant Bluff.

"I think consumers will be pleased with a credit feature of the SHAZAM card, and the possibility of lower interest rates could be a selling point," according to Ron Fenton, chairman, Story County Bank in Marshalltown.

With the introduction of SHAZAM Advance, consumers will experience yet another benefit of electronic banking at ATM terminals. □

CONTROL STAFF WORKLOAD...

(Continued from page 14)

They then need to closely examine work management from the three angles:

ACTIVITY—Is it necessary? Is it according to proper procedure? Is there a better way to get the same results?

VOLUME—What are the patterns and trends so that I can plan accordingly?

STANDARD—How long should this task take? What is a reasonable performance standard for a trained individual?

Inadequate planning for varying workloads is one reason for lost time. Let's examine some of the other reasons why you may be paying for unproductive hours, and ways in which you could be getting more productivity out of the hours for which you're paying.

Review Existing Activity

Consider existing department activity. The hours already applied to the workload may contain hidden opportunities. Your supervisors have inherited each

task in their departments from a predecessor—are they certain that every task is necessary? We've seen many instances of hours applied to antiquated or useless activity because "we've always done it this way." Another cause of misapplied time is the idle time and active imagination of employees. Most people do not want to appear useless while everyone around seems occupied, and so it is not uncommon to find that well-intentioned employees have invented unnecessary procedures to occupy otherwise idle time. As these employees leave the bank, they will train their successors in these tasks, and the problem becomes more deeply entrenched. Your supervisors must be able to examine each activity in their departments to ensure that each is needed and, if so, that it is performed according to correct procedure.

What methods are your supervisors using to determine staffing increases? Too often, a staffing addition is based on vague information. We add staff because "we're swamped," or "customer service is suffering." These are, of course, all very valid concerns. But ask question such as "how swamped?" and you will find that most supervisors are at a loss as to how to answer with well documented, quantified support for these ob-

servations. The logical conclusion may seem to be to increase staff—but without a precise definition of why and by how many hours, the best you can hope for is a rough estimation of what is really necessary to accomplish the work effectively.

Recognize Opportunities

Opportunities for decreasing staff frequently are not fully realized either. Workloads can decline in specific areas, even if the bank is in a growth posture. For example, while total loan dollars outstanding may increase, this may represent a shift toward larger loans or increased use of master lines. In such a case corresponding processing activity will decline, even though overall growth has occurred. This type of a decrease in workload is likely to be gradual. Again, we are looking at a natural human response by individual employees who find themselves with

LAWLER

Austin P. Lawler & Associates, Inc.

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one of your priorities?

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Our firm is the largest provider of cost reduction programs to Iowa banks. Let us tailor a program to meet your needs and deliver positive results. Our preliminary analysis can show you how dramatic improvements can be made at your bank.

For a list of references or more information call 312-584-5757.

Austin P. Lawler & Associates, Inc.

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Microcomputers and Automation Issue

Growth of micros in banking

... a guest editorial by

DAVID C. STOCHL

Marketing Director

Evergreen Systems, Inc.

Omaha, Nebr.

SINCE the early 1980s, we have seen an emergence of microcomputers in the banking industry. Giant steps in technology of hardware and software have given the banking industry the ability to accomplish tasks that were unheard of and unthought of in the early days.

In the beginning, the programs offered were mostly decision aid in design. What you could do with a basic four function calculator, a piece of paper, pencil and a great deal of time was accomplished with remarkable speed with the micro. This began also the era of the "What If" environment.

Microcomputer literacy and desires have increased at a record pace, and bankers are want-

ing these machines to do more. They want not only decision aid programs, but they also want management aid programs.

Following is a short list of new applications for which our industry is using microcomputers:

- CRTs and smart terminals
- Mainframe data processing interface for sharing of data
- Loan documentation
- Client profitability analysis
- Replacement of microfiche
- Investment portfolio accounting and valuation
- Ability to analyze individual banks and then create a consolidated analysis
- Ability to process non-interest, fee income, generating programs

Banking automation also has increased at a record pace. A programmer is not needed to have a state-of-the-art, in-house computer system. We have the ability now to create almost any type of report for which data is available. Bankers want to own and be able to utilize their bank's information.

Experts in the early 1980s said technology in microcomputers and software will be the key to future productivity. We are beginning to see what they meant, and the future is exciting. □

shrinking workloads. Without an adjustment in schedules from adequately equipped supervision, they may either invent new procedures, as described earlier, or gradually stretch their available work to fill the time that has been allotted to complete it. It becomes very difficult to isolate these excess hours once they have been reabsorbed; valuable opportunities are lost and dollars are wasted.

These are just some of the causes of lost productivity; your supervisors must have a thorough understanding of how each employee's time should be utilized to confidently and competently address their particular situation while keeping a close staffing/workload relationship intact.

By providing specific answers to these questions, your supervisors can construct schedules for their em-

ployees that will keep the hours you are paying for under control. Asking these questions on an ongoing basis can assure you a means of keeping this precise staffing/workload relationship intact, with confidence that your most valuable resource is maximally effective at minimal expense. □

ABA Comments on Fed Regs For Funds Availability

The banking industry continues to face the difficult and costly task of complying with the provisions of Regulation CC, which were adopted by the Federal Reserve Board May 11 to implement the Expedited Funds Availability Act, according to the American Bankers Association.

ABA recognizes that its primary concern with the regulation rests with the Congress, which failed to give the Federal Reserve Board ample flexibility to write the regulations, particularly in the case of funds drawn on depository and government checks. Funds drawn on those deposited checks must be available on the day following deposit without limit to the amount of the withdrawal. The dangers of fraud losses are substantial.

The Senate has passed a limit on the availability of such funds and the ABA urges the House to follow suit with its own limitations.

PROFESSIONAL ADVISORS...

(Continued from page 13)

that great when you compare it to what the cost might be if you do not have a certified audit and a significant financial problem arises. Furthermore, you as director can request bids from several competent outside C.P.A. firms and match up their costs with the benefits received. If you do have an outside audit done and you do not like the services rendered or the escalating costs involved, then change C.P.A. firms.

In 20 years of consulting, I can guarantee you that in cases where a commercial bank/bank holding company did not utilize a C.P.A. firm, the damages from misappropriation of funds, embezzlement frauds, and other legal activities were far greater than the annual costs of doing the audits. You should also keep in mind, however, that C.P.A. firms are not perfect and that you must make sure they provide you with an efficient, competent, and professional service no different than what you would require of your staff or yourselves.

Next Month: Part II of Dr. Austin's article will appear in next month's issue and is titled, "How to Obtain Professional Assistance."



OFFICERS elected during the 1988 Illinois Bankers Convention for the 1988-89 term are, from left: Pres.—**David L. Webber**, pres. & CEO, Harris Bank, Roselle; Vice Pres.—**Richard K. Ostrom**, pres. & CEO, Uptown Natl., Chicago; Treas.—**Morris Peine**, chmn., First Farmers State, Minier; Secy.—**Daniel Marvin**, pres. & CEO, First Natl., Mattoon, and (front) Immed. Past Pres.—**Jack A. Emmons**, pres. & CEO, Security B&T, Mt. Carmel. Not pictured: **William J. Hocter**, exec. v.p., Chicago.

Webber to Head Illinois Bankers Assn.

By **ROBERT O. CRONIN**
Associate Publisher

DAVID L. Webber, president and CEO, Harris Bank, Roselle, was elected president of the Illinois Bankers Association during the recent 1988 annual convention in Chicago. Mr. Webber was recently named to his president position after many years with Harris Bank, Chicago.

Other officers elected during the convention were:

Vice President—Richard K. Ostrom, president & CEO, Uptown National Bank, Chicago.

Secretary—Daniel Marvin, presi-

dent & CEO, First National Bank, Mattoon.

Treasurer—Morris Peine, chairman, First Farmers State Bank, Minier.

Immediate Past President—Jack Emmons, president & CEO, Security Bank & Trust Co., Mt. Carmel.

Executive Vice President—William Hocter, Chicago.

The IBA convention was held last month at the Fairmont Hotel in Chicago. Over 400 bankers and spouses attended the three-day gathering, which included workshops on topics ranging from tax planning to ag marketing to decision-making and media relations.

Noted speakers included Dr. Beryl Sprinkel, chairman, Council of Economic Advisors; former FDIC Chairman William Isaac; Ron Zemke, author of *Service America!*, and John McLaughlin, Robert Novak and Morton Kondracke of television's McLaughlin Group.

General Session

This year's convention theme was "Performance and Profitability... Your Mission Today and in the Future." IBA President Jack Emmons opened the first general session and told his audience, "Providing quality service is the key to success in an industry like ours. That relationship between service and success, or to put it in other words, between performance and profitability, is what the IBA's 1988 convention is all about."

Providing insight on legislative issues was ABA President Charles H. Pistor, Jr., chairman and CEO, NorthPark National Bank, Dallas, Tex. Referring to the repeal of Glass-Steagall, Mr. Pistor said, "Bankers are facing a legislative paradox, with an option to re-write a page of history."

Mr. Pistor encouraged bankers to talk with their local representatives and to emphasize three important points: 1. Bank securities must not be at the state's individual rights. 2. Bankers should not have to give up the right to sell insurance to gain the right to sell securities. 3. Consumer regulations must be fair. Mr. Pistor concluded by saying, "Timing is everything, and there are many steps between where we are and where we need to be."

Sprinkel Discusses Economy

Dr. Beryl Sprinkel spoke on the many challenges facing the U.S. economy and the banking industry.



LEFT—Taking part in the general session were, left: ABA Pres. **Charles H. Pistor, Jr.**, chmn. & CEO, NorthPark Natl., Dallas, Tx., with **Mr. Emmons** (center) and **Mr. Webber**. **RIGHT**—Presenting their views on the 1988 election and on banking were, from left: **Robert Novak**, **John McLaughlin** and **Morton Kondracke**, all of The McLaughlin Group, a syndicated public affairs television program.



LEFT—Enjoying the hospitality of United Missouri Bank were, from left: **Raydine, Jeffrey and Bill Alexander**, sr. v.p., The Bank of Edwardsville, Ill., with **Stephan P. Blackburn**, pres., UMB-St. Louis, and **Larry Russell**, vice chmn., inv. bkg. div., UMB-Kansas City. **RIGHT**—Showing off their wares at the First Chicago exhibit were, from left: **Camille O'Connor** and **Wendy Williams**, both comm. bkg. assoc., and **Dennis "Skip" Duffy**, a.v.p.



LEFT—Visiting at the convention reception were, left: **Scott Grigsby**, pres., Union Natl., Streator, Ill., and **Wayne Blsmark**, v.p., LaSalle Natl., Chicago. **RIGHT**—Taking part in Deloitte Haskins Sells' party were, from left: **Heidi Cartwright**, host; **Dick Bishop**, pres., First Natl., Moline; **Bill Yant**, host, and **Gary Scott**, host.

President Reagan appointed Dr. Sprinkel chairman of the Council on Economic Advisors in 1985. In this role, he provides the president with economic analysis and advice, and helps formulate national economic policies.

Dr. Sprinkel said, "The economy remains healthy and prospects are good." He pointed out that during the past 67 month economic expansion period, 17 million new jobs have

been created. "It's not an accident that this has happened," he said.

Dr. Sprinkel observed that some of the economic "problems" often addressed today are imaginary ones. To illustrate, he cited the "rejected theory that inflation is inevitable." He cautioned that we do need to get inflation under control, but said the threat of a major recession and high inflation has been exaggerated. The "real" problem facing our economy, he said, is the trade deficit, but that "is improving as we experience an export boom."

The members of the McLaughlin Group, featured on a syndicated public affairs program broadcast from Washington, D.C., appeared during the general session. The three men gave an insightful look at the upcoming presidential election and its impact on the banking industry.

Also featured at the convention were comments from Lee Sherman Dreyfus, former governor of Wisconsin; a presentation by Raymond Stringham, of Strategic Market Programs, Inc., Chicago, and a special look at "The Expedited Funds

Availability Act Implications for CEOs," presented by representatives of the Federal Reserve Bank of Chicago.

This year's convention offered many exciting spouse programs and various convention activities, including an evening at the ball park, a musical and an exhibit hall with over 70 displays. □

Hocter Appointed to State Scholarship Commission

William J. Hocter, executive vice president of the Illinois Bankers Association, has been appointed to the Illinois State Scholarship Commission.

Mr. Hocter has an extensive background in educational policy. He currently serves on the Council on Education Policy and Development for the American Bankers Association, as well as on



Beryl Sprinkel, chmn., President's Council of Economic Advisors, Wash., D.C., was optimistic about the U.S. economy as he addressed the 1988 convention in Chicago.



W.J. HOCTER

the executive committee of ABA's State Association Division. He has also been very active on the board of trustees of the Graduate School of Banking at the University of Wisconsin, Madison. He is both vice chairman of the board of trustees and vice chairman of the Herbert Prochnow Educational Foundation in Madison.

Prior to coming to the IBA as executive vice president in 1977, Mr. Hocter served as vice president and economist of the Federal Reserve Bank of Cleveland. He served as director of research and also was associate economist to the Federal Open Market Committee.

Mr. Hocter began his banking career in 1962 as an economist in the research department of the Federal Reserve Bank of Chicago, and served as assistant to the president for five years. His other assignments included secretary of the Conference of Presidents of the Federal Reserve Banks and secretary of the System Subcommittee on Check Collections.

Mr. Hocter received his undergraduate degree in political science and his MBA in business economics from Xavier University in Cincinnati. He earned his doctorate of business administration from Indiana University in Bloomington in 1965.

Mr. Hocter has taught a variety of courses on economics at Loyola University Graduate School of Business and at Indiana's Graduate School of Business.



P.W. VELTEN

J.T. CANNIS

John T. Cannis have been named senior vice presidents at Affiliated Banc Group, Inc.

Mr. Feiger previously served as vice president of finance for the corporation. Mr. Frale will retain his title as executive vice president of Affiliated Bank/Franklin Park. Mr. Keller will retain his titles as executive vice president and secretary/director of Affiliated Bank/North Shore National. Mr. Velten has served as vice president in charge of loan review since joining the company in 1985.

Mr. Cannis joins Affiliated from Manufacturers National Bank of Detroit, where he was a senior vice president responsible for administration of the U.S. Banking Department. He was with that bank since 1964.

* * *

Lane Financial, Inc. has announced that its stockholders have approved the acquisition of Lane Financial by ABN/LASALLE North America, Inc., parent company of LaSalle National Corp. The acquisition is effective as of June 13.

* * *

William G. Hoskins has been named president of First Colonial Bank of Lake County, a new First Colonial Bankshares Corporation full service bank located in Vernon Hills, it has been announced by holding company Chairman **C. Paul Johnson**.



W.G. HOSKINS

Mr. Hoskins has worked more than 20 years in Lake County as president and chairman of First National Bank of Libertyville, which was acquired by American National Bank in 1984. He most recently served as president of Suburban Bank of Hoffman-Schaumburg.

First Colonial Bank of Lake County, adjacent to Hawthorn Mall, is expected to open a temporary facility in July and its permanent facility in December.

* * *

David S. Grzenia has been named vice president and manager of commercial real estate, and **Carol Proesel** has been named assistant vice president of business services at Colonial Bank.



D. GRZENIA

C. PROESEL

Mr. Grzenia previously served as a vice president of Northbrook Trust and Savings. In addition, he also has served as vice president of Lake View Bank and the Bank of Ravenswood.

Ms. Proesel previously was branch manager and assistant cashier at Citizens and Southern National Bank, Fort Lauderdale, Fla.

* * *

Michigan Avenue Bank has announced several staff changes.

June D. Schmidt has been named vice president and manager of personal financial services. She previously served as private banking officer and assistant manager at Continental Illinois National Bank and Trust.

Renee A. Hennessy has been promoted to assistant vice president of personal financial services and **Robin J. Davenport** has been promoted to assistant vice president of commercial loans.

Sara G. Bode has been named to the bank's board of directors. Since 1986, she has been president of the Greater State Street Council.

* * *

Robert L. Haire has been named vice president and production manager of First Colonial Mortgage Corporation. He previously served as vice president of retail operations and of centralized processing at

CHICAGO NEWS...

(Turn to page 24, please)



Chicago

Mitchell Feiger, John J. Frale Jr., David L. Keller, Paul W. Velten and



LEADERSHIP of the WBA is pictured here, from left: Vice Chmn.—**Gilbert L. Homstad**, pres., Jackson County, Black River Falls; Chmn.—**Thomas L. Schiefelbein**, pres., Security Natl., Durand; **Jess S. Levin**, pres., Bank of Elmwood, Racine, and Immed. Past Chmn.—**Richard P. Klug**, chmn. & CEO, F&M Financial Serv. Corp., Menomonee Falls. Not pictured: Pres.—**Bryan K. Koontz**, Madison.

Schiefelbein to Head Wisconsin Bankers

By **ROBERT O. CRONIN**
Associate Publisher

THOMAS L. Schiefelbein, president of The Security National Bank of Durand, assumed leadership of the Wisconsin Bankers Association during the 92nd Annual WBA Convention held last month in Milwaukee at the Pfister Hotel. This year's convention theme was "Wisconsin Banking: A Design for the Future." Richard P. Klug, immediate past chairman, presided over the meeting. Mr. Klug is chairman and CEO of F&M Financial Services Corporation, Menomonee Falls.

Other officers serving the WBA for the coming 1988-89 term are: **Chairman-Elect**—**Jess S. Levin**, president, Bank of Elmwood, Racine; **Vice Chairman**—**Gilbert L. Homstad**, president, Jackson County Bank, Black River Falls, and **President**—**Bryan K. Koontz**, Madison.

General Session

A special feature of the three-day convention was a full day of exhibits during which vendors had the opportunity to present their products and services to attendees. In addition, an inspirational presentation was given by Danny Cox during the opening day's luncheon. First Wis-

consin National Bank held an all-convention party the first evening of the convention.

The second day's general session opened with comments from Philip Butler, former prisoner of war, as he presented a Flag Day salute, "Tragedy to Triumph." An afternoon "super session" was held and featured marketing presentations by Kent Stickler, Financial Shares South, and Trish Faulkender, TIF, Inc. A reception by Banc One, and dinner and dancing completed the day's program.

During the final day's general session, Mr. Klug addressed his audience on the topic of "The Challenge of Change." He said, "The banking industry, or as we are coming to call it, the financial services industry, is changing rapidly. So is our banking association as it adapts to serve banks and banking better." The WBA has undergone restructuring of its organization this past year "to more efficiently serve the long-term needs of the membership in this rapidly changing financial world," as Mr. Klug put it.

During his speech, Mr. Klug gave his opinion of "what a successful bank or banking association of the 1990s will look like." He said the winning organization will 1) be a niche marketer; 2) be flatter, having

few layers of organizational structure; 3) be quality and service conscious; 4) be more responsive; 5) be much faster at innovation, and 6) use highly trained, flexible people as the practical means for adding value to the product or service delivered.

Other speakers included Mr. Schiefelbein, who spoke on "Accentuate the Positive"; Shirley Abrahamson, State Supreme Court Justice; William Isaac, managing director and CEO, The Secura Group, and Dr. Herbert Prochnow, co-founder of the Graduate School of Banking.

50-Year Bankers

Seven Wisconsin bankers were honored for fifty-year careers in banking during the convention. One banker, Clarence Frohmader, chairman of Farmers and Merchants Bank in Jefferson, was recognized for his 70 years as an active banker.

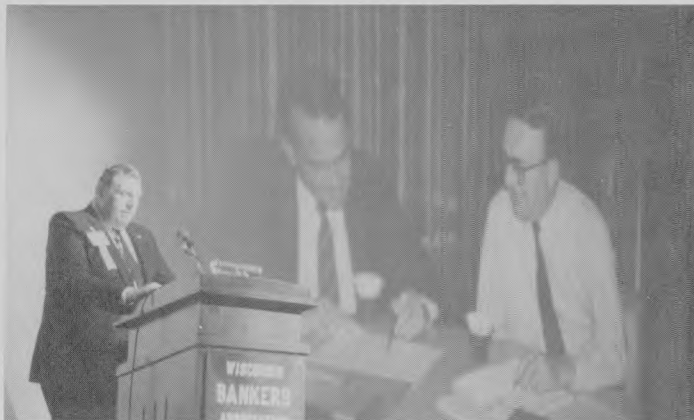
Inductees into the exclusive Fifty-Year Club for bankers were: W.H. Allen, M&I National Bank of Neillsville; Theodore I. Arneson, chairman, Barneveld State Bank; J. Rodney Fusch, Farmers & Merchants Bank, Reedsburg; Edward J. Hart, chairman, The Farmers State Bank of Waupaca; Robert F. Newman, president, The Bank of Juda; W.M. Schleicher, director, M&I Fox Heights Bank, Green Bay, and Melva C. Wirth, assistant cashier, Farmers State Bank, Ridgeland.

President's Remarks

In his convention speech, Mr. Schiefelbein said, "Our Wisconsin



William Isaac, managing dir. & CEO, The Secura Group, told bankers that he is "for a merger of the FDIC and FSLIC funds." As former chairman of the FDIC, Mr. Isaac said, "I believe the FDIC can handle everything on its plate."



LEFT—During his address, **Mr. Klug** spoke on the topic "The Challenge of Change," using visual effects to emphasize important points. **RIGHT**—**Mr. Schiefelbein**, right, accepts his leadership responsibilities from **Mr. Klug**.



LEFT—Present at the convention banquet were, from left: **Cell** and **Don Larson**, pres., River Falls State; (back) **Bob Rasmussen**, v.p., Norwest Bank Minn., N.A., Mpls., and **Mike Bodeen**, a.v.p., also with Norwest. **RIGHT**—Taking part in the 1988 convention were, from left: **Don Kramp**, 1st v.p., First Wis., Milw.; St. Super. of Bkg. **Richard Galecki**, and **Harvey Keller**, v.p., First Wis., Milw.



LEFT—Visiting during a break in the action were from left: **Bill Addington**, v.p., Marquette Bk., Mpls.; **Len Hoffman**, v.p., First Natl., Bangor, and **Ralph Nelson**, v.p., Marquette Bk., Mpls. **RIGHT**—Banc One Milwaukee hosted a convention-wide party during the convention. Present were, from left: **George Slater**, vice chmn., holding co.; **Ron Baldwin**, pres., host bank, and **Richard Behnke**, exec. v.p., Bank of Elroy.

banks are in very sound condition and it's going to be a good year for banks, a good year for bankers and a good year for the WBA."

He introduced a new approach that the WBA will be using this year to encourage banker activity by making use of the "trickle down theory." "Under this plan," Mr. Schiefelbein said, "I'll be focusing some attention on wider involvement of bankers from all over the

state. To do that, we will be planning some town meetings in various parts of the state. The WBA council members from a particular area will contact bankers in that area, inviting them to come and meet with me and Bryan Koontz."

Mr. Schiefelbein said it is unlikely that he will have time to cover the entire state this year, but said "This town meeting process this year will give us a start that can be continued

from year to year."

In conclusion, Mr. Schiefelbein said the bankers' true competition is not from other banks but from "everyone who is in the financial services business." He went on to say, "These competitors are offering financial products and services, yet we are regulated or legislated out of the business we could be in. We need to keep fighting to get the opportunity to serve our customers." □

Madison Bank to Open Financial Center

First Wisconsin—Madison plans to open a Financial Center this fall on Madison's far west side, according to bank President James R. Lang.

The center will include a traditional teller/safe deposit lobby area, as well as a private banking area. Initially, a staff of eight financial service professionals are being trained to work at the center, in the areas of trust and investment management, financial planning and professional banking.

Mark Warshauer, First Wisconsin vice president, will manage the Financial Center. He was formerly a vice president and division manager for consumer banking with the Colorado National Bank in Denver.

The new facility will occupy the first level of a four-story building at Old Sauk Road and the Beltline Highway. It is expected to be open by December 1.

Elected in Milwaukee

Robert L. Seidell has been elected president of M&I Data Services, Inc., a subsidiary of Marshall & Ilsley Corporation. Dennis J. Kuester, president of the corporation, has also been president of M&I Data Services, and will remain on the board of directors.

Mr. Seidell joined M&I Marshall & Ilsley Bank in 1983. He was named executive vice president and a director of M&I Data Services in 1985.

First Wis. Announces Recent Acquisitions

First Wisconsin Corporation announced on June 7 that, subject to Federal Reserve Board approval, it will acquire Milwaukee Title Insurance Company, a Milwaukee-based insurance agency. Terms of the cash transaction were not disclosed.

Milwaukee Title's previous owners, David Silberman and Vance Werner, will remain with the company as first vice president and vice president, respectively. Michael J. Schmitz, executive vice president of First Wisconsin National Bank, and Glen J. Milesko, president of the bank's Elan Insurance Services subsidiary, will serve as chairman and president of the company, which will be renamed Elan Title Insurance

Services, Inc. It will operate as a subsidiary of First Wisconsin Corporation.

On May 31, First Wisconsin completed two Minnesota bank acquisitions: Sahara Bancorp, Inc., New Brighton, which owns the \$93 million First State Bank of New Brighton, and Rose Holding Co., Roseville, which owns the \$126 million asset Roseville Bank.

In addition to its main office in New Brighton, the New Brighton bank operates two branches in Mounds View and Shoreview, Minn. The Roseville Bank has three facilities in Roseville and an office in Arden Hills. First Wisconsin now has a total of four banks in Minnesota with combined assets of \$394 million.

Graduate School of Banking Announces Restructuring

In a recent restructuring at the Graduate School of Banking and its foundation, the Prochnow Educational Foundation, Richard I. Doolittle was named executive director and chief executive officer. Ann Kleist was promoted to assistant director-



R.I. DOOLITTLE



A. KLEIST



G. ALDERMAN



J. PFISTER



J. PRIMUS

faculty; Gay Alderman to assistant director-students and systems manager; and Joan Pfister to acting assistant director-Prochnow Educational Foundation. Janet Primus is director of operations.

1st Wis. Chairman Honored



LLOYD O. Johnson, former chief executive officer of First Wisconsin National Bank of Eau Claire, is presented with a special legislative resolution commemorating him on 46 years of service at a retirement dinner at the Eau Claire Golf and Country Club. Pictured is Mr. Johnson with State Representative Joe Looby.

Zuehlke Elected Director of Financial Conference

Gus A. Zuehlke, chairman and CEO of Valley Bancorporation, Appleton, has been elected director to the six-member board of the International Financial Conference at their recent meeting in Paris. The organization was formed to provide a permanent forum for the discussion of public policy issues concerning international banking and financial issues of significance to the economy. Membership is limited to CEOs of major regional banking organizations throughout the world.

Bankers' Bank Offers Facsimile Service

Bankers' Bank of Wisconsin has announced the establishment of its on-line facsimile service for cash letter customers, called "SatisfAXion." The bank is supporting the program with propriety facsimile machines in each of its customer banking offices.

Helge S. Christensen, president of Bankers' Bank, states, "This is the first facsimile network for cash management services in Wisconsin,

WISCONSIN NEWS...

(Turn to page 43, please)



Elected in Lemmon

Mark A. Gannon has been elected president and chief executive officer and a director of Community State Bank in Lemmon. He replaces Dale Rogers, who has served as interim president since Lee Bufington's resignation April 1. Mr. Rogers will continue to serve as a director of the bank.



M.A. GANNON

Since October 1987, Mr. Gannon has served as group credit administrator of Community First North Dakota Bankshares, Inc., and has been located in Dickinson. Prior to joining Community First, he served as assistant vice president of an affiliate of First Bank System in Rapid City, and with the Production Credit Association in Rapid City and Belle Fourche.

Added in Rapid City

Beverly Hinders has joined the Rapid City branch of Norwest Bank South Dakota as mortgage loan officer. She was employed by Norwest from 1978 to 1987, the latter four years as a mortgage loan officer at the Rapid City branch. For the last year she has been working for a mortgage company in Rapid City.

CHICAGO NEWS...

(Continued from page 20)

First Western Mortgage Corporation of Illinois in Palatine.

* * *

Edens Bank has announced three recent appointments.

Judy Lerner Koss has been appointed assistant vice president of Edens Bank in Wilmette. She has been with the bank since 1977, and was previously the assistant cashier

and branch manager of the bank's Skokie office.

Howard Robin is the new branch manager at the Edens Skokie office, and Judy Novo will serve as assistant branch manager. Mr. Robin has ten years of banking experience and was previously employed at North Community Bank in Chicago. Ms. Noto has been employed at Edens Bank since 1985.

* * *

Kendon T. Birchard, president of Community Bank of Edgewater, Chicago, has been named president of the Chicago Financial Advisers. CFA serves as a forum for exchange of ideas among advertising and marketing professionals in the financial industry.

* * *

Shareholders at the 1988 annual meeting of Exchange International Corporation, parent company of The Exchange National Bank of Chicago, voted May 17 to change the name of the corporation to Exchange Bancorp, Inc., effective immediately.

The shareholders also approved the election of Joel I. Salk as a member of the board of directors. He is chairman and CEO of River Oaks Bank & Trust Company.

* * *

Affiliated Banc Group, Inc., has announced the availability of a new

no-fee, variable rate MasterCard in Illinois from Affiliated Banc Group—Delaware, a service of Manufacturers Bank—Wilmington.

The current rate on the card is 14.20 A.P.R. Interest levels are adjusted quarterly, based on the rate paid by U.S. government Treasury bills. The minimum A.P.R. is 12 percent. There is no grace period and interest is charged from the date of the transaction.

* * *

Pam Major has been promoted to assistant director of marketing of First Colonial Bankshares Corporation. She will retain her title of assistant vice president, a position she has held since 1985.

Ms. Major joined Colonial Bank, First Colonial's flagship bank, in 1970 as a teller, and in 1977 was promoted to administrative assistant of the business development/customer service department.

* * *

Cole Taylor Bank/Skokie is now offering INVEST, a full-service brokerage program. The program is offered nationwide through banks and savings institutions, and was launched in 1982 by Investment Services For America Corporation, Tampa, Fla. More than 200 financial institutions subscribe.

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Vice President, Sioux Falls
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PICTURED at the installation of 1988-89 MBA officers are, from left: Immed. Past Pres.—**James R. Jorstad**, pres., Minnesota Bank, N.A., Caledonia; Pres.—**A. William Sands**, chmn., Western Bank, St. Paul; Pres.-Elect—**James H. Hearon, III**, chmn., National City Bank, Minneapolis; Vice Pres.—**Michael L. Lillehaugen**, pres., Community State Bank, Alexandria; Treas.—**Martin V. Chorzempa**, pres., Richfield B&T, Richfield, and Exec. V.P. & CEO—**Truman L. Jeffers**, Minneapolis.

District will have a District Director and no other officers.

Officer titles have been changed slightly. The officer formerly known as first vice president now is president-elect. The office of vice president and the office of treasurer, now held by two persons, will be consolidated to one position titled vice president/treasurer, effective at the 1990 convention. The board then will have 16 members—the three elected officers and the executive vice president-CEO, the eight District Directors, the immediate past president, and three at-large directors.

Three new board members elected at last September's district meetings also were installed. They are: Douglas F. Bultman (District 7), president, Minnesota Valley Bank, Redwood Falls; Michael C. Duepner (District 8), chairman, First National Bank, International Falls, and Robert V. Leiseth (District 5—formerly District 9), president, Viking Bank, Hendrum.

Sands Named MBA Pres. for 1988-89

By **BEN HALLER, JR.**
Publisher

was Martin V. Chorzempa, president of Richfield Bank & Trust, Richfield.

DELEGATES to the 98th (and 99th!) annual convention of the Minnesota Bankers Association in Duluth last month advanced A. William Sands, Jr., to be MBA president, succeeding James R. Jorstad, president of Minnesota Bank, N.A., Caledonia. Mr. Sands is chairman of Western Bank, St. Paul. His father, A. William Sands, Sr., was MBA president in 1946-47.

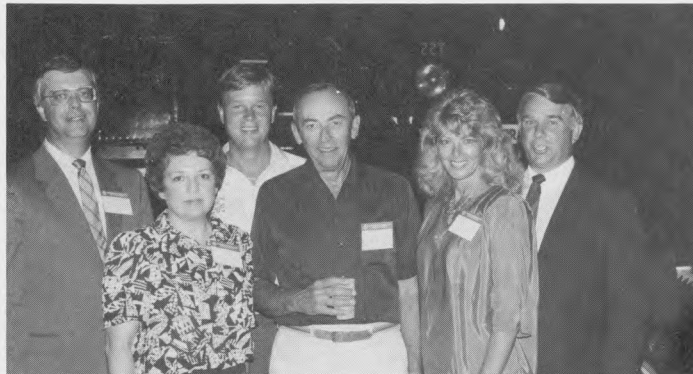
Succeeding Mr. Sands as MBA president-elect is James H. Hearon, III, chairman of National City Bank, Minneapolis. The new vice president is Michael L. Lillehaugen, president of Community State Bank in Alexandria. Installed as treasurer

By-Law Changes

Their titles reflect by-law changes adopted unanimously at the business meeting. In those changes, membership is specifically limited to *commercial* banks and trust companies. The number of districts has been reduced from nine to eight. District Three has been restructured to consist of the counties of Chisago, Dakota, Ramsey and Washington. District Four has been restructured to consist of the counties of Scott, Hennepin, Carver and Anoka. District Five has been eliminated and District Nine has been renumbered District Five. District Six has Isanti County added to its makeup. Each

100th Anniversary Planned

The more than 650 registrants at the convention heard plans disclosed concerning the forthcoming celebration at next year's convention of the MBA's 100th year. The Centennial convention will be June 3-5, 1989, at the St. Paul Radisson Hotel in St. Paul, the city where the MBA was founded in 1889. At part of that celebration, the MBA has commissioned Harry Gatton, an experienced banking history author, who is the retired executive director of the North Carolina Bankers Association, to prepare a 100-year history of the MBA and the banks that gave Minnesota banking its



Duluth's old train depot featuring restored steam engines was the site of Marquette Bank's hospitality party. From left, in two pictures by old engines, are: **Larry Kraayenbrink**, a.v.p., host bank, and **Ann; Lou Geistfeld**, CEO, and **Don Gollnast**, pres., both with Citizens Bank, New Ulm; **Carol and Dick Holmes**, v.p., Marquette Bank; **Bill Addington**, v.p., Marquette, and **Carol**, with **Bonnie and Ken Reno**, pres., United Bank of Bismarck and pres.-elect of North Dakota Bankers Assn.



At noon luncheon, from left: **Douglas Lewis**, chmn. of the convention and chmn., North Shore Bank of Commerce, Duluth; **Robert L. Clarke**, Comptroller of the Currency, Wash., D.C.; **Art Holst**, former NFL official, Peoria, Ill, and **Truman Jeffers**, MBA exec. v.p.

early start, continuing up to the present day.

Other Honors

ABA State Vice President Roy Terwilliger, president, Suburban National Bank, Eden Prairie, announced that retiring MBA President Jim Jorstad has been appointed to a two-year term as an MBA delegate to the ABA Banking Leadership Conference.

Eight men were recognized for 50-years of service to Minnesota banking: Arthur J. Andersen, Jr., Northwestern State Bank, Ulen; C.O. Dorweiler, Farmers State Bank, Hamel; Robert C. Eichten, Citizens Bank, New Ulm; Gunnar E. Kronholm, Drivers First American Bank, South St. Paul; Ralph C. Schmidt, Farmers & Merchants State Bank, Appleton; Fred E. Stein, First National Bank, Cold Spring; A.C. Sipe, First State Bank,

Ada, and W.W. Studtmann, Courtland State Bank, Courtland.

After the first day's activities of golf and Lake Superior fishing, registrants were guests of the four major Twin Cities banks for the First Night Hospitality. First Bank System entertained guests aboard the retired Great Lakes ore carrying ship, *The William A. Irvin*, moored permanently at the Duluth port as a floating museum. Norwest and Marquette Bank Minneapolis shared the old Duluth Depot building. Norwest's traditional Masters Mini Golf party was staged in the old first-floor waiting room. Marquette hosted its guests on the lower level at trackside by a number of restored antique engines at the nearby Holiday Center, where bankers and spouses had an opportunity to gamble play money on six horse races broadcast on video replay tapes on a large screen TV set.

First Business Session

The first day of business was kicked off with the traditional Fellowship Breakfast. Speaker was Paul Schurke, co-leader of the Steger International Polar Expedition that reached the North Pole last year. His color slides and personal commentary portrayed vividly the testing of human endurance and spirit that was required to complete such a feat.

Mark W. Olson, immediate past president of the ABA and now director of banking relations for Arthur Young CPA firm, Washington, D.C., was keynote speaker. He traced the history of banking legislation, including the 1913 Federal Reserve Act and creation of the FDIC in 1934, that set the tone for banking regulation for the past 70 years. He said the regulations and laws imposed by those acts did not anticipate the type of financial climate in which banks now must compete. To counter this, Mr. Olson supported changing the banking laws as proposed by Congress so as to repeal outdated laws and furnish greater latitude for banks in developing competitive products.

Comptroller of the Currency **Robert L. Clarke** was the noon luncheon speaker. After reviewing the current health of the industry and painting the backdrop of the laws and regulations enacted years ago under which the industry still must operate, Mr. Clarke also called for Congressional action that would free the industry from what he termed outdated laws, and spoke up for broadened powers to empower banks to compete head-on with



First Bank's reception was held aboard *The William A. Irvin*, retired ore transport ship docked permanently at Duluth harbor as a floating museum. In photo at left, **Dick Swanberg**, sr. v.p., FBS Capital Markets, and **Cleone**, visit with **Jeanette** and **Bob Welle**, chmn. 1st Natl., Bemidji, in lower deck of a hold converted to a "party room." At right, **Mike Pleschel** (waving), pres., Farmers & Merchants State, Springfield, was one of many who toured the upper deck and climbed the high steps to the pilot house area. With him are **Rollie Nordlund**, pres., Town & Country Bank, Maplewood, and **Nancy Nordlund**.

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Correspondent Bankers and Investment Counselors teamed in a coordinated effort. People who've proven their skills to our customers for years. People who care about your business and take the time to understand and execute your investment philosophy.

If you're looking for a bank with the experience to know all the ins and outs of successful banking, look to Marquette.

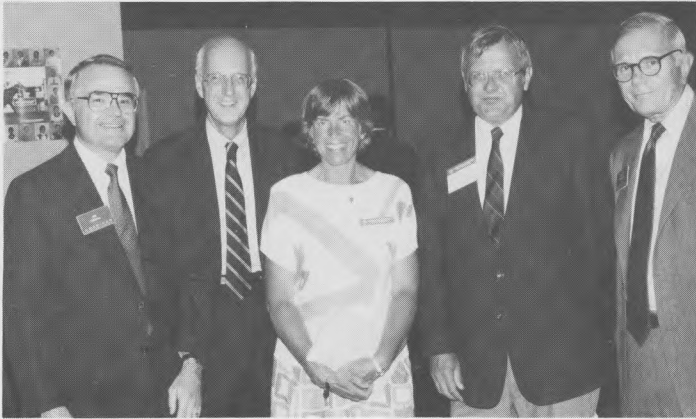
Correspondent Services Division/Investment Department

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



Marquette Bank
Minneapolis Member FDIC

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



Pictured at American National of St. Paul's "Night at the Races" hospitality room were, left to right in these two photos: **Jim Russell**, v.p., and **Jim Reagan**, chmn., of American Natl.; **Sue** and **Bob Hoodecheck**, sr. v.p., Winona National & Savings Bank, Winona; **Joe Klingman**, pres. of host bank; **Lori** and **Bob Jacobson**, v.p., American Natl., and **Roger N. Berglund**, pres., Dakota Western Bank, Bowman, and pres., N. Dak. Bkrs. Assn., with his wife, **Susan Berglund**.

other financial institutions in the market.

Carl R. Pohl, president, Marquette Bank Minneapolis, gave his "Perspective—Banking in the Future" at the final general session. (Since the 1945 convention was not held due to final day activities of WWII, President Jim Jorstad declared "this afternoon will be our 99th convention so next year we will be able to celebrate our 100th meeting!") Mr. Pohl pointed out initially that "all of corporate America is undergoing change, not just banking. There is more emphasis on enhancement of shareholder values. Profits today are coming from knowing one's costs, how to price and how to deliver a quality product."

Mr. Pohl said banks have only service to sell "and we all sell the same thing, we all look the same, so the difference is in our personnel—how you train them and what you do with them." He stressed the need for constantly impressing on bank

personnel the need for adhering to good banking fundamentals and likened that need to what his general manager and field manager impress on his World Champion Minnesota Twins baseball club every day—fundamentals. "Every football, basketball and baseball team does the same thing throughout every season," he emphasized. "They constantly go back to drilling on fundamentals and we in banking can take a cue from that."

As an example, he cited lending, which he termed as "simple. What is the purpose of the loan and the source of repayment. If it is speculative, how can the loan be repaid?" Looking ahead he posed the question, "What is the future of banking? I don't know in your town. You're going to be hard pressed to put your deposits out for good loans. It requires courage to control overhead by reducing the work force. In 10 to 20 years we may well see hub banks in rural centers—county seat towns. There could be sub-hub offices, which would be the only sur-

vival for small town banks."

Then, with a change of pace, Mr. Pohl grinned and said, "If you think banking is tough, get into baseball! We have 46 players and have to deal with 46 agents! We can't talk to the players! But I haven't said anything different. Your market is different than mine and you have to assess yourself what you and your bank can and should do in your own community. In my own case, we visualize regional banking organizations as competitors. I think the greatest area in this nation is up and down the central corridor of states from Minnesota through the plains and down through Texas. Texas has problems but it isn't going to dry up and blow away! (He disclosed briefly his interest in responding to FDIC's invitation to look at putting two large troubled Texas holding companies into a \$1.6 billion new holding company. His firm is pursuing the idea at this time.) I believe there is great value to free-standing banks and how they can serve the



Enjoying Norwest's traditional Masters Mini Golf extravaganza are, left to right: **Bob Rasmussen**, v.p.—corresp. bkg., **Chuck Sell**, comm. bkg. repr., and **Larry Lange**, a.v.p., all with Norwest Bank Minnesota in Minneapolis; **Don Hass**, pres., First American Bank, Breckenridge; **Bill Brewer**, a.v.p., Norwest Technical Services; **John Lindeman**, pres., 1st Natl., Keewatin, and **John Sampson**, sr. v.p., Norwest.



LEFT—Carl R. Pohlad, pres., Marquette Bank, Minneapolis, a principal speaker at the convention, was greeted by MBA Pres. **James Jorstad**. **RIGHT**—At Mutual Funds and Security Brokerage workshop, host **William Bunker**, pres., 1st Natl., Anoka, is shown with session speaker **Mark Stenson**, pres., Stenson Management Consulting, Inc., Marshall.

local public."

Mr. Pohlad literally brought the house down as he concluded his talk. He casually and slowly tossed a half-dozen autographed baseballs to people seated in front rows, but he literally "brought the house down" when he accidentally hit one light fixture and a few pieces of broken decorative thin plastic rods fell to the floor! After hitting that home run, Mr. Pohlad excused himself to fly back to Minneapolis where he was helping put finishing touches on

getting the contract to hold the 1990 Special Olympics in Minneapolis.

Concluding speaker was **Art Holst**, a former active NFL football referee who now spends his time at games as part of the official crew viewing the instant replays in the press box. On most of them, he disclosed, there is no way to definitively contradict the play called on the field. His convention talk was laced with humor gained from many years as an active field referee and entertained the crowd.

After the final reception and banquet at the Duluth Convention Arena, the convention closed on an exciting upbeat with a one-hour show staged by "Up With People." The talent and vigor of the young people taking part in this production proved once again that music is the international language as the convention-goers watched young folks from many nations across the world function as one team as they sang and danced their way through an intricate program of music. □

Added in St. Cloud

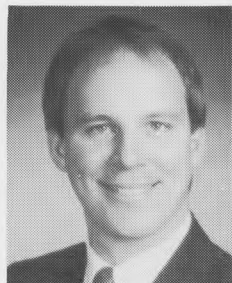
Several staff changes at Zapp Bank, St. Cloud, have been announced by John E. Leisen, bank president.

Steve Domine has joined the bank as assistant vice president and mid-

town manager. He was previously associated with Melrose State Bank in Melrose.

Vicki Glenn has joined the bank as staff accountant. Geri Moshier, a Zapp employee for ten years, has been named personnel coordinator.

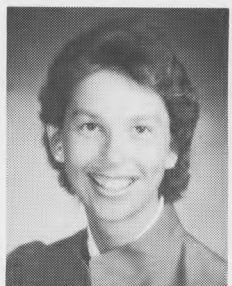
Lisa Landowski has been named marketing communications director. She has been with the bank for four years. Marlene Winter, a Zapp employee for 17 years, has been named funds management specialist.



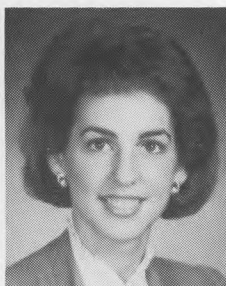
S. DOMINE



V. GLENN

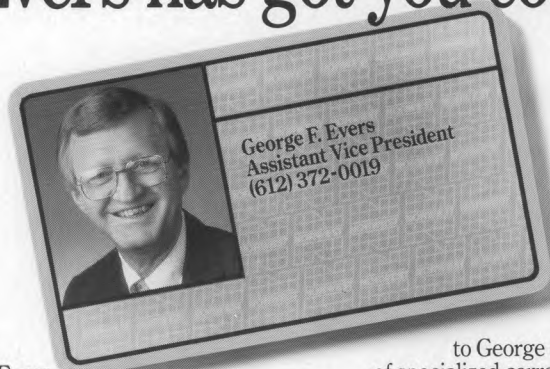


G. MOSHIER



L. LANDOWSKI

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

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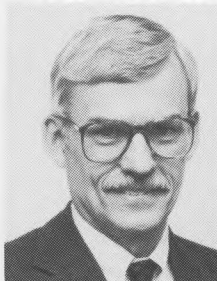


Twin Cities



First Bank System has announced staff changes:

Richard W. Schoenke, vice chairman, has been named chief administrative officer, a new position. He has held numerous management positions with FBS since 1979, most recently managing corporate banking and special industries banking for First Bank, N.A.



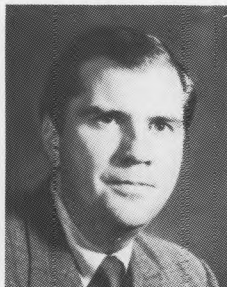
R.W. SCHOENKE



J.B. WALTERS



M.W. SHEFFERT



H.W. MOODY



D.F. BODINE



A. MELENDEZ

Jay B. Walters, executive vice president and head of corporate banking since February 1987, will assume responsibility for all commercial banking activities of First Bank.

Mark W. Sheffert, executive vice president, will manage the First Bank consumer/small business activities previously headed by **William F. Farley**, who has resigned.

Howard W. Moody, senior vice president, will become chief information officer for FBS and manage FBS Information Services. He most recently headed the audit and exam division.

David F. Bodine has been appointed vice president and business development manager for the institutional trust division of First Trust. He previously served as vice president and manager of institutional trust sales at Norwest Bank.

Ann M. Melendez has been promoted to vice president and market manager for First Bank's northeast market, consumer banking. She previously served as consumer banking sales manager for the First Bank St. Paul office. She replaces **Terry Pratt**, who has resigned.

Kenneth R. Rossow has joined the foreign exchange desk of FBS Capital Markets Group as an assistant vice president and trader. He has been with FBS for 24 years, most recently as a trader in the government securities sales area of FBS Capital Markets Group.

William S. Reiling has joined the board of directors of First Asset Realty Advisors, the real estate asset management subsidiary of First Bank, N.A. He is chairman and CEO of Towle Real Estate Company.

* * *

Duncan MacMillan and National City Bancorporation have announced they have signed a contract for Mr. MacMillan to purchase National City Bank of Ridgedale, a subsidiary of National City Bancorpora-

tion. Mr. MacMillan is chairman of the board of the American State Bank of Bloomington. He will become chairman of the Ridgedale bank.

Donald Jerpbak will remain president of the bank and no other staff changes are anticipated.

When the sale is final, the bank will change its name to American Community Bank of Ridgedale, N.A. The acquisition requires federal approvals and should be completed this fall. The bank has assets of \$56 million.

* * *

Richard E. Korinke has been appointed vice president of the Minneapolis office of New England Commercial Finance Corp., an affiliate of Bank of New England. He had been assistant vice president, business services division, Marquette Bank Minneapolis.

NABW Salutes Senior Women



THE Metroland Group of the National Association of Bank Women recently held their second annual Salute to Senior Financial Women at the Decathlon Athletic Club in Bloomington. This year **Joan Paper**, right, customer development officer at Liberty State Bank, St. Paul, was honored as Metroland's Woman of the Year. The Lifetime Achievement Award went to **Norma Goodmundson**, left, vice president at the First National Bank of Wayzata.

Norwest Bank has announced recent promotions.

Carol Weber Rohde has been named president of the Plymouth office. She was vice president of private banking at the St. Paul office, and joined Norwest in 1973.



C. WEBER ROHDE

Thomas W.

Longlet has been named president of the Osseo/Maple Grove office. He succeeds **James Heig**, who has been president there since 1973 and will retire at the end of the year after more than 39 years with Norwest. Mr. Longlet previously was president of the East St. Paul office.

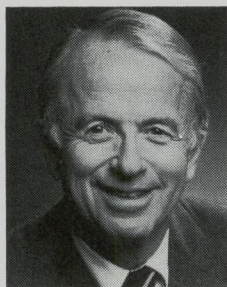
Dennis L. Meek has been named president of the Norwest Center office in downtown Minneapolis. He was president of the Olson Highway and Golden Valley offices. He succeeds **John R. Harden**, who has been promoted to a new position as vice president and director of consumer banking for the Norwest seven-state banking region.

Steven D. Rapp has been named president of the office in Arden Hills. He was manager of business banking at the MetroWest office.

Alan V. Johnson has been named to a new position as vice president and director of sales development for Norwest Corporation's banking group. He was senior vice president at Norwest Bank Billings and head of retail delivery support for Norwest banks in Montana.

* * *

Benjamin S. Jaffray has been elected chairman of the board of Resource Bank & Trust, Minneapolis. Before joining Resource, Mr. Jaffray was a director and senior vice president, finance, at Cargill, Incorporated.



B.S. JAFFRAY

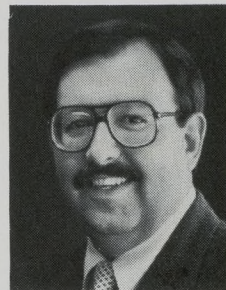
Lyman Wakefield will assume the position of vice chairman; **Richard E. Gilbert** will remain CEO, and **E. Thomas Welch** will remain president.

Marquette Bank Minneapolis has opened a new branch bank at the Park Center Highrise near downtown Minneapolis. Park Center is a large apartment building for senior citizens.

While it is a full-service branch of the bank, the hours will be short: two hours each Tuesday and Thursday afternoon, and 10:00 to 3:00 on the third day of each month, when Social Security checks are distributed. Hours will be extended as demand for services increases.

* * *

Kenneth J. Schweiger, vice president of FBS Insurance, has been accepted by the board of directors of the Association for Advanced Life Underwriting as a qualified member. He is one of fewer than 25 AALU members in the state of Minne-



K.J. SCHWEIGER

sota.

Mr. Schweiger is the first FBS Insurance employee to earn the lifetime membership in AALU, and serves as the company's manager for life insurance and employee benefits.

* * *

Roloff Insurance Agency has been acquired by First Insurance—Fairmont, to form one agency housed in the First Bank Building. **Duane Roloff** will serve as manager of the combined agency, which will be a subsidiary of the First Bank System.

Carl Smith, manager of the Fairmont agency, has experienced health problems, but will stay on as an account executive with the new agency.

* * *

Glenn R. Wilson, Jr. has been named president and COO of Knut-

TWIN CITIES NEWS...
(Turn to page 40, please)

"Experience quality and value with our safekeeping services."

Greg Larson
Correspondent
Banking Officer

Your Correspondent Partner
AMERICAN
NATIONAL BANK · SAINT PAUL



REPRESENTING the 1988-89 leadership of the NDBA are, in rear: Immed. Past Pres.—**John W. Pierson**, chmn., Norwest Bank N.A., Bismarck; Exec. Dir.—**Harry Argue**, Bismarck; Vice Pres./Treas.—**Gary Paulson**, pres., First State, Park River; (in front) Pres.-Elect—**Kenneth Reno**, pres., United Bank, Bismarck, and Pres.—**Roger Berglund**, pres., Dakota Western, Bowman.

Berglund Elected to NDBA Presidency

By **ROBERT O. CRONIN**
Associate Publisher

ROGER N. Berglund, president of Dakota Western Bank in Bowman, was elected to the position of president at the 1988 North Dakota Bankers Association annual convention, held last month in Grand Forks. Nearly 300 bankers and spouses were in attendance at the gathering. This year's convention theme was "The Extra Mile—A Commitment to Soundness and Service in Banking."

The two-day convention, chaired by Gary Lloyd, senior vice presi-

dent, First National Bank, Grand Forks, featured an in-depth business program with a variety of activities, including a river boat ride on the Dakota Queen along the Red River.

Officers Elected

Joining Mr. Berglund in leadership of the association in 1988-89 will be: **President-Elect**—Kenneth Reno, president, United Bank of Bismarck; **Vice President/Treasurer**—Gary Paulson, president, First State Bank, Park River; **Immediate Past President**—John W. Pierson, chairman, Norwest Bank N.A., Bismarck, and **Executive**

Director—Harry Argue, Bismarck.

In his convention address, Mr. Pierson acknowledged that the year had its share of trying moments, especially since "every trade association deals to a large degree with intangibles." He went on to say, "Measuring the progress and effectiveness of an association's advocacy role in government relations, the real value of its educational programs, and determining the perceptions of its public affairs initiatives is an inexact science at best."

Mr. Pierson said the NDBA has made significant progress this year in assuring that banking continues as the "preeminent provider of financial services to North Dakota citizens." He also commented, "The association has not backed away from the difficult and challenging issues that have confronted North Dakota banking in the past year; nevertheless, we must stay the course to achieve our objectives."

General Session

The opening general session began with encouraging remarks from Dave Okerlund, president of Okerlund & Company, Cortland, Neb. He was the featured speaker during the Convention Prayer Breakfast. Following Mr. Okerlund was a special welcome from Grand Forks Mayor Mike Polovitz.

First to address the general convention was C.C. Hope, director of the FDIC, who gave "A View from Washington." Named to his position by the President in 1986, Mr. Hope serves on a three-member board for a total of six years. His biggest challenge since joining the FDIC? Interstate banking. "In 1980, there was one state with it; now, we have 45 states with some



LEFT—Participating in the first general session were, from left: Grand Forks Mayor **Mike Polovitz**; **Mr. Pierson**, and Conv. Chmn. **Gary Lloyd**, sr. v.p., First Natl., Grand Forks. **RIGHT**—Enjoying the opening night's reception were, from left: **C.C. Hope**, dir., FDIC and his wife **Mae**, with **Harry and Linda Argue**, Bismarck.



LEFT—Visiting at the Investment Centers of America exhibit were, from left: **Larry Fust**, repr., with **Kathleen**, and **NDBA Past Pres.** (1984-85) **Les Nesvig**, pres., First State LaMoure. **RIGHT**—Taking in this year's convention were, from left: **Dick Holmes**, a.v.p., Marquette Bank, Mpls. and his wife **Carol**, with **Rose** and **Bert Gerhart**, pres., Dakota B&T, Fargo.

form of interstate banking," he told his audience.

The biggest problem facing the FDIC is bank failures. Mr. Hope said that in 1987, there were 184 failures and 19 assists. "Fifty percent of those bank failures came from the states of Texas, Oklahoma and Louisiana," he said, and in his opinion, 1988 doesn't look too promising for Texas banks once again. Nevertheless, Mr. Hope added, "There is a movement toward better times, especially in the Midwest."

Mr. Hope applauded North Dakota bankers for the excellent job they are doing, and reported that ROA in 1987 for North Dakota banks was .66, well above the national average of .12. Mr. Hope also told bankers that their capital base

was strong and said, "This speaks well of North Dakota banks."

Regarding the possible merger of the FDIC and the FSLIC, Mr. Hope voiced the FDIC's opposition to the merger of the funds. "the FSLIC is some \$13 billion in the red (and growing every day), and the FDIC is not strong enough to combat these problems as well as our own. Bankers are the stockholders of the FDIC and must maintain a strong position," he concluded.

Other convention speakers included John R. "Jack" Powers, district administrator, Office of the Comptroller of the Currency, Washington, D.C.; David C. Webb, chairman, Space Studies, UND Aerospace Center, Grand Forks; former ABA President Mark Olson,

partner/director, Arthur Young & Co., Washington, D.C., and NBC News Correspondent Douglas Kiker.

Activities

There were plenty of convention activities this year, including a "fun run," a tour of the UNC Aerospace Center, men's and ladies' golf tournaments, and a convention exhibit hall with the latest in products and services. Banquet entertainment this year was provided by the Castle Family.

The 1989 Annual Convention will be held in Bismarck, June 12-13. A tri-state convention will be held in Rapid City in 1990 and will include North Dakota, South Dakota and Montana. □

In North Dakota, Ken Erickson's got you covered.



Convention Update

At the time this issue was going to press, the Montana Bankers Association was holding its Annual Convention at the Outlaw Inn in Kalispell.

Lynn Grobel, president of the 1st National Bank of Glasco, was scheduled to advance as president of the association, succeeding James Bennett, president, First Citizens Bank, Billings.

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

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LEFT—Elected at convention to serve as officers of the Colorado Bankers Association in 1988-89 are, from left: Pres.-Elect—**Robert "Cody" Pearson**, chmn. & c.e.o., First Natl., Hugo; Chmn.—**Jon P. Coates**, chmn., Century Bank, Denver; Pres.—**Dave Scruby, Sr.**, chmn. & c.e.o., Evergreen Natl., and Exec. Vice Pres.—**Don Childears**, Denver. **RIGHT**—Accepting his CBA presidential pin is **Mr. Scruby**. **Mr. Coates** is doing the honors.



Dave Scruby Elected to Head CBA

By **ROBERT O. CRONIN**
Associate Publisher

"BETTER Shape in '88" was the theme of this year's Colorado Bankers Association Annual Convention. The convention was held at the Broadmoor Hotel in Colorado Springs and featured excellent general sessions, an afternoon of concurrent workshops, spouse activities and numerous sporting tournaments.

Officers Elected

One of the many convention highlights was the election of officers for 1988-89. Officers elected were: **Chairman**—Jon P. Coates, chairman, Century Bank of Denver; **President**—Dave Scruby, Sr., chairman and CEO, Evergreen National Bank; **President-Elect**—Robert "Cody" Pearson, chairman and CEO, First National Bank, Hugo, and **Executive Vice President**—Don A. Childears, Denver. The position of immediate past chairman is held by A.J. Anderson, president, Kiowa State Bank.

Mr. Coates presided at the first general session and welcomed guests to the 1988 Convention. He said, "This is a time when things are looking up for the banking industry." Mr. Coates applauded the accomplishments of the association in 1987 as bills were passed regarding interstate banking as well as central filing. On the federal level, Mr. Coates commended Colorado bankers for their "grass roots in-

volvement in stopping the moratorium."

Mr. Coates expressed his desire to see Colorado bankers with one state banking association. "We were once divided over interstate banking and branch banking," he said. "Now we need to work on branch banking which still needs to be resolved. We need a consensus among the two state associations."

Continuing along the same lines, Mr. Scruby, newly elected president of the association, outlined four areas of importance to the association in the coming year: 1) the necessity to obtain one banking association for the state; 2) the need for continued support from all CBA



ADDRESSING the general session during the convention was ABA President **Charles Pistor**, Northpark Natl., Dallas, Tex. Mr. Pistor said, "This is a critical time in banking."

members; 3) preparation for the branch banking bill, and 4) the importance of getting Mountain Banks Insurance Company up and running.

Echoing these thoughts was Mr. Childears, who said, "1987 was a full plate year, and 1989 will offer challenges in branch banking, credit union taxation, insurance and real estate powers, governmental issues and the fate of the FDIC." Mr. Childears told the members, "The association is trying to be action oriented and work through these rough days in our economy."

General Session

Also presented during the first general session was an ABA Update from President Charles Pistor, Northpark National Bank, Dallas, Tex. Mr. Pistor's address focused on legislative issues facing the industry, including the repeal of the Glass-Steagall Act. He said the financial industry finds itself in "a critical time for bankers to understand the issues facing the industry." Mr. Pistor called the repeal of Glass-Steagall only a "first step victory, as some corrections are needed. We want progress on this bill but not at the expense of insurance and real estate."

Concluding the first general session was an informative address by Dennis McCuistion, a banking consultant from Irving, Tex. Mr. McCuistion said that there are two conditions that lead to bank failures: poor management and a depressed economy. As a way to combat these problems, Mr. McCuistion challenged bankers to create a vision of what achievement looks like. He outlined four areas of successful



LEFT—Taking part in the United Missouri Bank, Kansas City Dinner were, from left: **Robert A. Krane**, president & c.e.o., Central Bancorporation, Inc., Denver, and his wife, **Marcia**; **Richard Muir**, v.p., host bank, with **Patsy** and **Don Hoffman**, chmn., Central Bancorporation, Inc., Denver. **RIGHT**—Also participating were, from left: **Gary Brooks**, pres., Bank of Burlington; **James VanDittie**, v.p., Bank of Burlington; **Tennyson Grebenar**, atty., Denver; **Leo VanDittie**, chmn., Bank of Burlington, and **Mark Bailey**, a.v.p., host bank.



LEFT—Visiting during the convention were, from left: **Jerry Swords**, pres., Swords Associates, Kansas City; **Mads Anderson**, pres., Central Bank, N. Denver; **Lonnie Harris**, inv. off., United Missouri Bank, K.C., and **Homer Lyle**, pres., Peoples B&T, Aurora, Colo. **RIGHT**—Welcoming guests to 41st Annual Central Bank of Denver Breakfast were, from left: **Don Hoffman**, chmn.; **Diane Sweeney**, a.v.p., and **Phil Randell**, v.p. & mgr., financial inst. dept.

● leadership: vision, persistence, communication and organization. "Educate ourselves and educate our people, the leaders of tomorrow," he concluded.

● During the second day's general session, a panel discussion was held featuring Marvin Buckles, Western Capital Investment Corporation;

C.C. Hope, FDIC; James Rizzuto, State Senator; Thomas Schilling, *Rocky Mountain News*, and George Turner, Bellco Credit Union. The "Donahue" format encouraged audience participation and lively dialogue regarding banking issues.

In keeping with the theme of this year's convention, bankers and

spouses were encouraged to be in "better shape" via golf and tennis tournaments as well as concurrent fitness sessions. These activities helped counteract the effects of the 41st Annual Central Bank Breakfast, convention luncheon and the all-convention reception and banquet! □

United Banks Board Adopts "Opt-Out" Resolution

● On June 8, United Banks of Colorado, Inc., filed an "opt-out" resolution, as allowed by the industrial bank act, with the Secretary of State and the Colorado Division of Banking. The resolution lets United Banks exempt itself from acquisition by an out-of-state banking company that is one of the successful bidders under the stipulations of the industrial bank act.

The resolution expires January 1,

1991, when Colorado will open its doors to nationwide interstate banking.

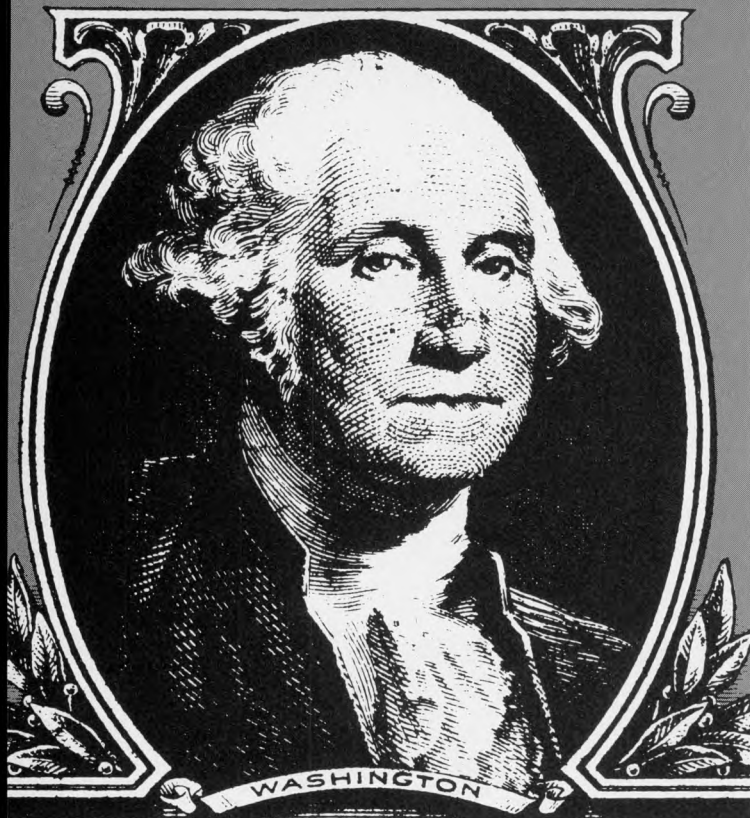
United Bank Announces Promotions

Richard A. Kirk, chairman and CEO of United Bank of Denver, has announced the promotion of nine bank employees.

Peter F.C. Armstrong, Jr., Tyrone A. Artis and Mark S. Hudspeth were named assistant vice

presidents. Mr. Armstrong is a commercial banker, Mr. Artis is an executive banker and Mr. Hudspeth works in investment banking.

Charles L. Cole, Michael G. Jezier and Scott Palmer were promoted to commercial banking officers. Joel P. Johnson, who works in the money market and municipal securities department, was named investment officer. Martha L. Labadie, who manages the cash items department, and Susan A. Wood, manager of loan and deposit accounting, were promoted to operations officers.



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Federal Reserve Bank of St. Louis

Nebraska

Willard Jackman Dies

Willard Jackman, former president of the Nebraska Bankers Association, suffered a fatal heart attack on May 28 at the age of 73.

Mr. Jackman was born in 1915 in Grant. He was graduated from Nebraska Wesleyan University in 1936. He returned to Grant and worked for his father, Ernest Jackman, at Farmers National Bank until 1938, when the family purchased the Madrid Bank. He managed that bank until 1942, at which time he was inducted into the U.S. Army. After being honorably discharged in 1945, he returned to Farmers National in Grant.

Mr. Jackman married Kathryn Andrew of Holyoke, Colo., with whom he had two daughters and one son.

Following the death of his father in 1950, Mr. Jackman became president of the Grant bank. He later purchased Commercial State Bank at Elsie, of which he also served as president.

Mr. Jackson was president of the NBA in 1974. He was chairman of the Grant Housing Authority when it was begun, a member of Grant city council, and also the mayor of Grant. He was also active in numerous church and civic organizations.

First Natl. of Neb. Plans to Purchase North Platte Bank

First National of Nebraska, parent corporation of First National Bank of Omaha, has announced it has signed an agreement to purchase First National Bank of North Platte and its holding company, FIRN-CO., Inc.

First National Bank and Trust Company of North Platte will continue to operate as an independent bank with no staff changes anticipated.

First National of Nebraska, with the addition of the North Platte

bank, will have over \$1.5 billion in assets, making it the state's second largest bank holding company.

Elected in Bellevue

First United Bank of Bellevue has announced that Darrell A. Legband has been elected president and CEO. He succeeds John R. Young, who resigned recently. Mr. Legband has been serving in various senior management positions over the last ten years, and most recently was vice president and manager of the commercial loan division at Delay First National Bank and Trust in Norfolk.



D.A. LEGBAND

NBA to Hold Conference on Check Clearing Law

A Funds Availability and Check Hold Conference will be offered by the Nebraska Bankers Association at three locations in July. The seminar will examine new regulations concerning check clearing.

The agenda begins with registration/continental breakfast at 8:30 a.m. and adjourns at 3:30 p.m. Dates and locations are: 26th—North Platte Holiday Inn, 27th—Kearney Holiday Inn., 28th—Lincoln Hilton.

Before July 19, fee is \$95. After that date it is \$105. Attendees will receive a free reference manual (\$95 value) as well. For more information, contact the NBA.

BAI Chapter Elects Officers

New officers of the East Central Nebraska Bank Administrative Institute are as follows:

President—Daryl Wilton, First National Bank of Schuyler.

Vice President, Education—Bob Frerichs, First National Bank of Columbus.

Vice President, Finance—Geraldine Ditter, Bank of Lindsay.

Vice President, Communications—Diane Hofpar, First National Bank of Omaha, David City branch.

Vice President, Membership—Gary Sutton, First National Bank of Columbus.

Past President—Terry Novak, First National Bank of Omaha, David City branch.

Named in Hastings

City National Bank, Hastings, has named two new members to its board of directors. They are Larry Butler, secretary-treasurer of Livingston-Butler-Volland Funeral Home, and Gary Duncan, president and chief executive officer of Hastings Pork.

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	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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Omaha

Norwest Bank Nebraska at Omaha has promoted four officers.

William J. Hoelting was named vice president in the private banking department at the Regency location. He joined Norwest in 1980 and has held several positions, most recently assistant vice president.

Terry J. Jaros has also been named a vice president, in the business banking department at the Millard Avenue office. He joined the then Bank of Millard in 1978 and had been serving as assistant vice president.

Debra G. Ratner has been named manager of the automated services department at the 1919 Douglas office. She joined that bank in 1976. **Michael J. Schulte** was promoted to

business banking officer at the 24th and L Street bank. He joined Norwest last year as a credit review specialist.

* * *

Douglas County Bank & Trust Co. has announced the promotion of **Lawrence Ziska, Jr.** to executive vice president of Great Western Securities, the bank's holding company. Mr. Ziska has been with the bank since 1974, and has served as vice president, senior vice president, trust officer and executive vice president, his previous position.

In addition, Douglas County Bank & Trust Co. has announced the appointment of **David Henricksen** as information officer. He joined the bank from First National Bank & Trust Co. in Kearney, where he had worked since 1973, and was serving as vice president and a member of the management committee.

* * *

Donald D. Adams, vice president of government relations for FirstTier Financial, Inc., retired from the corporation on July 1. He has announced plans to open his own consulting business as a specialist in governmental relations. He will continue to work with FirstTier on a contractual basis as a consultant for governmental affairs.

* * *

Art N. Burtcher, newly elected president of Douglas County Bank

& Trust Co., has been honored by the Nebraska Mortgage Association as "Mortgage Lender of the Year." Mr. Burtcher has been an active member of the organization since 1973, having served as president and currently as a member of the board of directors.

Mr. Burtcher has been president of Douglas County Bank & Trust since April 1, and previously was executive vice president of Vistar Bank, Lincoln.

* * *

Jeff Bakewell has been promoted to vice president and head of the loan department at River City National Bank in Omaha. He has been with the bank since 1985.

FSLIC Task Force Appointed

Nebraska Bankers Association President **Harley Bergmeyer** has appointed a special task force to study the FSLIC funding problem and develop possible solutions. Chairman of the committee will be **Jim Nissen**, NBA president-elect. Other members include **Dennis O'Neal**, **Orrin Wilson**, **Alice Dittman**, **Bill Cook, Jr.**, **Jerry Roe**, **Tom Henning**, **Harley Bergmeyer** and **Tom Olson**. The task force met for the first time on June 20.

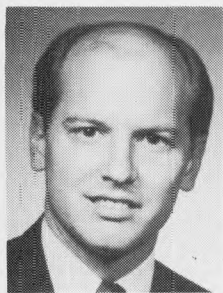
School of Banking to Be Held

The KBA/NBA Schools of Banking will offer its Intermediate School of Banking, Session 1, on September 18-23 at the Holiday Inn in Manhattan, Kan. 36 hours of classroom instruction during the course will qualify graduates for 300-level graduate banking schools. The second session of the course will be held June 18-23, 1989.

Enrollment fee, which includes instruction, materials, lodging, and most meals, is as follows: \$925 for single housing, \$795 for double housing and \$750 for no housing. For more information, contact **Brenda Schimenti** or **RoJean Clifton** at (402) 421-1107.

Promoted in Osceola

At the First National Bank of Osceola, **Rick Chochon** has been promoted to assistant vice president.



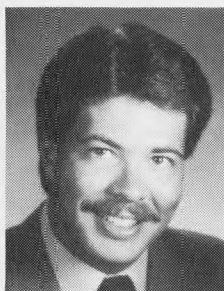
W.J. HOELTING



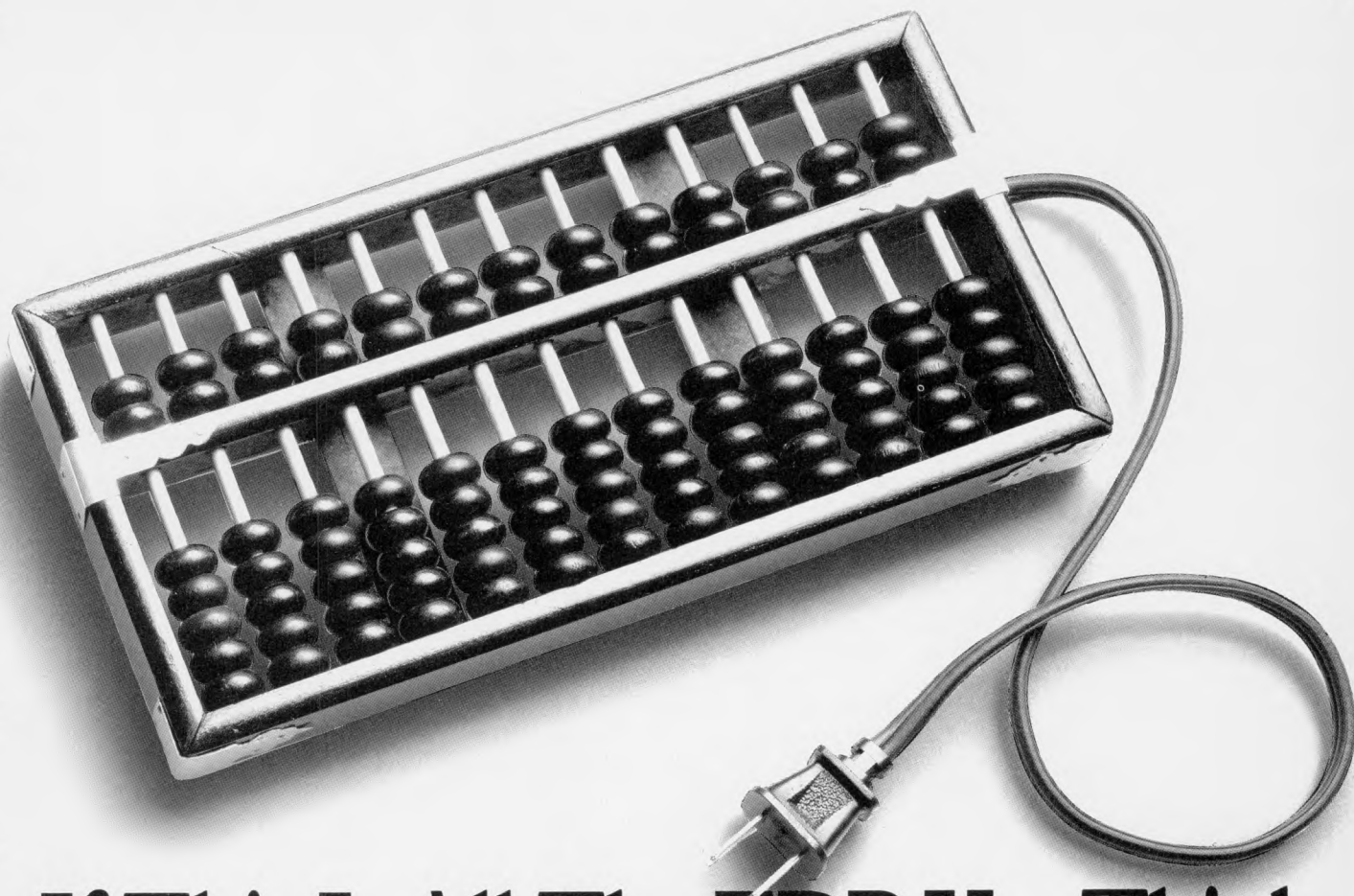
T. JAROS



D.G. RATNER



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Lincoln

The board of directors of Vistar Bank elected the following officers at their regular board meeting on April 20:

Charles D. Meyer was elected vice president and cashier. He is head of the bank administration division with responsibilities for branch administration, retail sales account origination, and microcomputer support. Prior to joining Vistar in 1986, he was senior vice president and cashier with First National at Fremont. Mr. Meyer has been in banking for ten years.

Susan L. Twihaus was elected assistant vice president and controller. She is manager of the accounting and control department and has 13 years of banking experience. She has been with Vistar since 1976.

Michele Schmit was elected human resources officer. She is manager of the human resource department and has been with Vistar for six years.

* * *

The Havelock Bank has opened a new downtown Lincoln banking facility at the corner of 14th and N Streets. The new facility, designed by Michael S. Bott and Associates and constructed by the Walt Broer Construction Company, has additional drive-up facilities with a new entry driveway, and a 24 hour teller machine located inside the 14th Street entrance. The facility is managed by Executive Vice President **Charles Heinke**.

The bank has also undertaken extensive remodeling of its two other facilities. The bank's central computer department, formerly housed at the old downtown bank, has been moved to the 70th and Adams loca-

tion, where additional offices and a conference room have been added. The main branch bank at 6145 Havelock Avenue has also been remodeled, with a larger customer service area and rearranged offices.

To publicize the changes, the bank held a Grand Opening Week the week of June 10. In connection with the event, the bank gave away trips to Mexico, Hawaii, and the Kickoff Classic Football Game between Nebraska and Texas A & M.

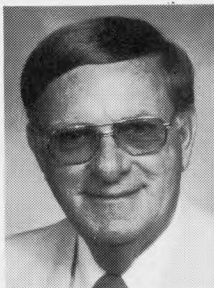
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Vistar Bank recently donated a new pony to the Folsom Children's Zoo in Lincoln. The purchase of the pony was announced last Christmas, when the bank decided in lieu of sending Christmas cards, it would direct funds toward a worthwhile project in Lincoln.

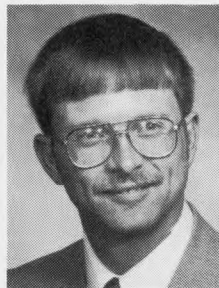
Vistar Bank also donated 200 free pony ride tickets to the Y-Pal Big Brother Big Sister Program and the Foster Care Resource Development Unit from the Lincoln-Lancaster District Office of the Nebraska Department of Social Service.

Elected in Henderson

The board of directors of the Henderson State Bank, Henderson, has



V.L. MICHEL



S.L. MICHEL

elected several new officers.

Elected chairman of the board and chief executive officer is Victor L. Michel. He has been in banking for 45 years, the last 13 at Henderson.

Steven L. Michel has been elected president and chief operating officer of the bank. He has been at Henderson for the past 13 years.

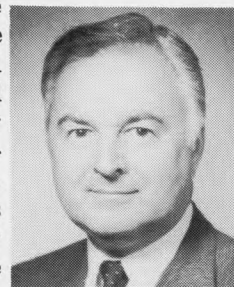
Lelan R. Thiesen, a bank employee for over 12 years, has been named executive vice president and cashier.

Robert L. Dane was elected vice president and agricultural loan officer. He has been with the bank for five years.

TWIN CITIES NEWS...

(Continued from page 31)

son Mortgage Corporation. He previously served as president and CEO of FirstTier Mortgage Company in Omaha. Mr. Wilson is also the former president of the Government National Mortgage Association and was owner and president of Mid-Continent Enterprises, Inc.



G.R. WILSON

Elected in Willmar

First Bank Willmar has elected Harold G. Conradi to their advisory board of directors. He is president of Willmar Community College.

Elected in Brainerd

Steven Olson has assumed the position of account officer in the commercial loan department of First Bank Brainerd as of May 1. Mr. Olson, who has eight years of experience in the financial industry, most recently worked for Westinghouse Credit Corporation in Minneapolis and Pittsburgh.



S. OLSON



OFFICERS of Wyoming Bankers Assn. for 1988-89, left to right: Immed. Past Pres.—**William H. Ruegamer**, pres., First Interstate Bank, Sheridan; Pres.—**Auburn W. Dowdy**, chmn., Wyoming Natl., Cheyenne; 1st V.P.—**Jerry W. Rankin**, pres., First Wyoming Bank—Jackson Hole; 2nd V.P.—**Clifford E. Kirk**, exec. v.p. & CEO, 1st Natl., Gillette, and Exec. V.P.—**Gretchen Tea**, Casper.

Auburn Dowdy Named Wyoming Pres.

By **BEN HALLER, JR.**
Publisher

WYOMING bankers assembled at Jackson Lake Lodge, Moran, by the majestic Teton Mountains, for their 80th annual convention. Wyoming Governor Mike Sullivan and other convention speakers found the beautiful setting and the ideal weather to be the right climate in which to proclaim that Wyoming's sagging economy has finally stabilized and is on the ascendancy again.

Named president of the Wyoming Bankers Association during this 1988-89 year of recovery is Auburn W. Dowdy, chairman of Wyoming National Bank of Cheyenne. He succeeds William H. Ruegamer, president of First Interstate Bank of Sheridan. (Just before the convention it was announced that Mr. Ruegamer will be changing jobs within the Commerce Bancshares holding company that owns the Sheridan bank. See separate news story.)

Moving up to become WBA first vice president is Jerry W. Rankin, president of First Wyoming Bank—Jackson Hole, Jackson. Succeeding him as second vice president is Clifford E. Kirk, executive vice president and CEO of First National Bank in Gillette.

Continuing as executive vice president and head of the WBA staff in Casper is Gretchen Tea. Her administrative assistant is Judy

McReynolds.

Four bankers were elected to serve two-year terms on the WBA board of directors. They are:

- Ron Davis, president, Rawlins National Bank, Rawlins.
- Gary Wickam, president, Wyoming National Bank, Cheyenne.
- Dick Scarlett, president, Jackson State Bank, Jackson.
- Scott McBride, vice president, First National Bank, Buffalo.

Hale Kreycik, state vice president for ABA and president of Converse County Bank in Douglas, announced that Wyoming's new delegate to the ABA Banking Leadership Council will be Mike Daly, president of the First State Bank in Wheatland.

Gov. Sullivan, who is a former bank director, said his job is identified closely with the work of Wyoming bankers. He cited the Wyoming Farm Loan Board as an example, stating it is Wyoming's largest ag lender with approximately \$225 million in loans. A block grant program has loaned \$15 million to 30 businesses—"so I worry as you bankers do." Other state entities relating to banks or lending which Gov. Sullivan mentioned were the program to place state deposits in Wyoming banks and the Wyoming Industrial Development Board.

The Governor said the branch banking bill did not pass in the last session "but I hope it will in the next one so as to bring broader availability of credit statewide." He said he has advised the state board

to "upgrade its cash management practices to enhance our revenue stream without having a tax increase. We are looking at all our state investments to achieve the same thing."

He concluded by saying "I believe we're getting healthier. We're recovering and will be back up by the final bell. There is no magic or quick recovery on the horizon. It will just take hard work and lots of fight—and we can achieve more if we do it together. It occurred to me in my dialogue with bankers around the state that we just haven't talked about these problems. As Governor, I tell you we *need* to talk together." Governor Sullivan urged the WBA to establish a means for initiating such dialogue.

Later, incoming president Auburn Dowdy and retiring president Bill Ruegamer assured the Governor the invitation will be accepted. It was not specified this would be accomplished thorough a task force, or other types of meetings.

Secretary of State Kathy Karpan, who initially opposed the Central Filing Bill that had been proposed, said she based her opposition on the fact that it had not received thorough enough review, and her feeling that the ticket price of more than \$450,000 was too high. After more study, and extensive visits with bankers, she now supports Central Filing and will back the bill to be offered in the next general session. Its initial cost would be \$138,000, as opposed to the earlier \$450,000 cost, and the \$109,000 annual operating expense can be totally subsidized with fees, she said.



New WBA Pres. **Auburn Dowdy** (left) presents a plaque to **Ken McIlhenny** in recognition of 21 years of service to the Wyoming state examiners office by Mr. McIlhenny, who is retiring.



PICTURED at First Interstate reception in these two photos are, left to right: **Juanita and N.P. Van Maren**, vice chmn., Hilltop Natl., Casper; **Nancy and Lynn Duncan**, sr. v.p., First Interstate, Casper; **Bob and Elsie Nelson**, chmn., 1st Natl., Powell; **Henry Czerwinski**, 1st v.p., Federal Reserve, Kansas City; **Enis Alldredge, Jr.**, v.p. & Denver br. mgr., Fed. of K.C.; **Dick Scarlett**, pres., Jackson State, Jackson, and **Chuck Pedersen**, pres. & CEO, First Interstate, Casper.

ABA President Tom Rideout, vice chairman of First Union Bank in Charlotte, N.C., reviewed current legislation before Congress to expand banking powers. To achieve this, he said, "We've been working hard to unify this industry by holding a series of meetings the past 18 months with elected and staff officers of six associations within our industry. Each of these meetings has been concluded with a consensus statement on a specific topic discussed." He called for all 1.6 million officers, employees and directors of banks and spouses to join in ABA's letter campaign to congressmen to approve the expanded powers bill.

Mr. Rideout said an ABA Task Force will have its first meeting soon to put together proposals on what should be done with the FSLIC, and "prepare positive proposals on where we want deposit insurance to be in the years ahead."

Phillip White, Ph.D., associate professor of marketing at the University of Colorado, Boulder,

presented his talk on "Three Steps to Improve Retail Profits—Or, Making More Money in a Tougher Environment."

John Harlin, president of the Bank of Gainesville in Missouri's southern Ozarks, entertained the registrants following the noon luncheon with his humorous banking stories and impersonations.

Henry Czerwinski, first vice president of the Federal Reserve Bank of Kansas City, talked about "The Wyoming Economy—Building for the Future," reviewing the Fed's latest statistics on Wyoming banks. They reflect the drastic downturn in the state's economy of the past several years, but also now show how remaining banks are strengthening their balance sheets gradually to position themselves for future growth.

Mr. Czerwinski said, "The building blocks are in place for growth in 1988 and beyond. The performance of Wyoming banks should improve in 1988 and following

years."

Two panels completed the general session. The first was "Lender Liability Update," with WBA general counsel Perry Dray and William Thomson of Dray, Madison & Thomson, Cheyenne, as participants. Mr. Dray spoke of "the new environment" in which borrowers and plaintiff attorneys are suing banks, claiming non-performance of contract in relation to loan agreements. Fraud, he said, is a frequent charge in the hope a case will reach a jury, which can frequently be prejudiced against "the bank" and in favor of the individual borrower. He did add that the good news is that "courts are beginning to say it's a two-way street and the borrower *also* must act in good faith."

Mr. Thomson gave specifics of three lender liability cases in Wyoming.

The concluding panel featured three regulators—Stan Hunt, Wyoming state examiner, and



LEFT—Pictured at opening general session were, from left: **Wm. Ruegamer**, WBA retiring pres.; Wyoming Gov. **Mike Sullivan**; **Gretchen Tea**, WBA exec. v.p.; **Tom Rideout**, ABA pres., and **Auburn Dowdy**, incoming WBA pres. **RIGHT**—**Janet and Sherrod France**, pres., Bank of Commerce, Rawlins, with **Bette and John Cochran**, pres. & CEO, Norwest Bank Nebraska, N.A., Omaha.

- William Stolte and James Timmell of the Office of the Comptroller of the Currency. The latter two discussed current procedures now being used by the OCC in examining banks. Mr. Hunt cited various bank statistics over the past three years to illustrate the severe blows taken by Wyoming banks and the general economy. He said "risk-based capital would be a boon for most small institutions." He read a long list of potential banking changes being considered by Congress, then said, "With all these potential changes, I ask, 'Is Wyoming banking ready for all these changes?'"

The second day of the convention was devoted to relaxation—golf, tennis, rafting, fishing and other outdoor activities. The convention ended with a presentation of awards for winners in various events.

- The 1989 convention at Jackson Lake Lodge is scheduled for June 11-13. □

Changes Told in Sheridan

- Homer Scott, Jr., chairman of First Interstate Bank of Sheridan, has been given additional duties as president and CEO, effective July 1. As president he succeeds William Ruegamer, who has been named executive vice president and COO of First Interstate BancSystem of Montana.

- Mr. Scott will remain chairman of the Sheridan bank's holding company, Commerce BancShares of Wyoming, as well as chairman of First Interstate BancSystem of Montana. Mr. Ruegamer will retain his titles as executive vice president and COO of Commerce BancShares.

- In addition, Ed Garding has been promoted from senior vice president to executive vice president and COO at First Interstate Bank of Sheridan.

Affiliated Bank Corporation Announces Name Change

- Wyoming National Bancorporation is the new name of Affiliated Bank Corporation of Wyoming, by action of its shareholders on June 7. The name change corresponds with the name changes of all affiliate banks to "Wyoming National Banks."

- The shareholders also authorized the creation of \$100 par value cumulative preferred stock, 53,000 shares of which were to be used in

the acquisition of First National Bank of Lovell. Both the acquisition and the previously announced \$5.5 million public stock offering were scheduled to close on June 15.

WISCONSIN NEWS...

(Continued from page 23)

and we are not aware of any such service elsewhere."

Valley Announces Plan to Merge with Colonial

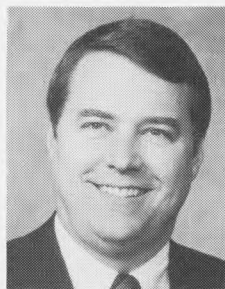
Valley Bancorporation, Appleton, and Colonial Bancorporation, Inc., Thiensville, have announced they have entered into an agreement in principle for a merger of Colonial with Valley, in which Colonial shareholders will receive Valley common stock.

Valley will issue approximately 677,000 to 874,000 shares in the transaction, valued at approximately \$16.6 million.

Colonial had assets of \$148.4 million at year-end 1987. The company owns banks in Thiensville, Port Washington and Richfield, and has offices in Wauwatosa, Saukville and Jackson.

Named to SBA Council

Richard A. Hansen, president of First Wisconsin National Bank of Eau Claire, has been named to the Wisconsin Advisory Council of the Small Business Administration. Members of the council serve on a volunteer basis, offering advice to SBA officials and serving as advocates in the small business community. Mr. Hansen has been affiliated with First Wisconsin since 1977.



R.A. HANSEN

The Trust Consolidates at New Company Headquarters

The Financial Information Trust consolidated its offices at a new corporate headquarters May 31 in West Des Moines, Ia., at Regency West 7, 4400 Westown Parkway.

First Wisconsin Grants Scholarship



ROGER L. Fitzsimonds, president of First Wisconsin Corporation, is shown making a presentation to Loraine Tyler of First Wisconsin—Eau Claire. Her son, Robert Lancette, was this year's recipient of the First Wisconsin Corporation Scholarship. The scholarship is awarded annually to a son or daughter of a First Wisconsin employee.

Headquartered in West Des Moines, The Trust is the ninth largest financial data processor in the country, servicing over 225 banks and savings and loans. Clients are located in 18 states, from Indiana to Colorado, North Dakota to Texas, and California.

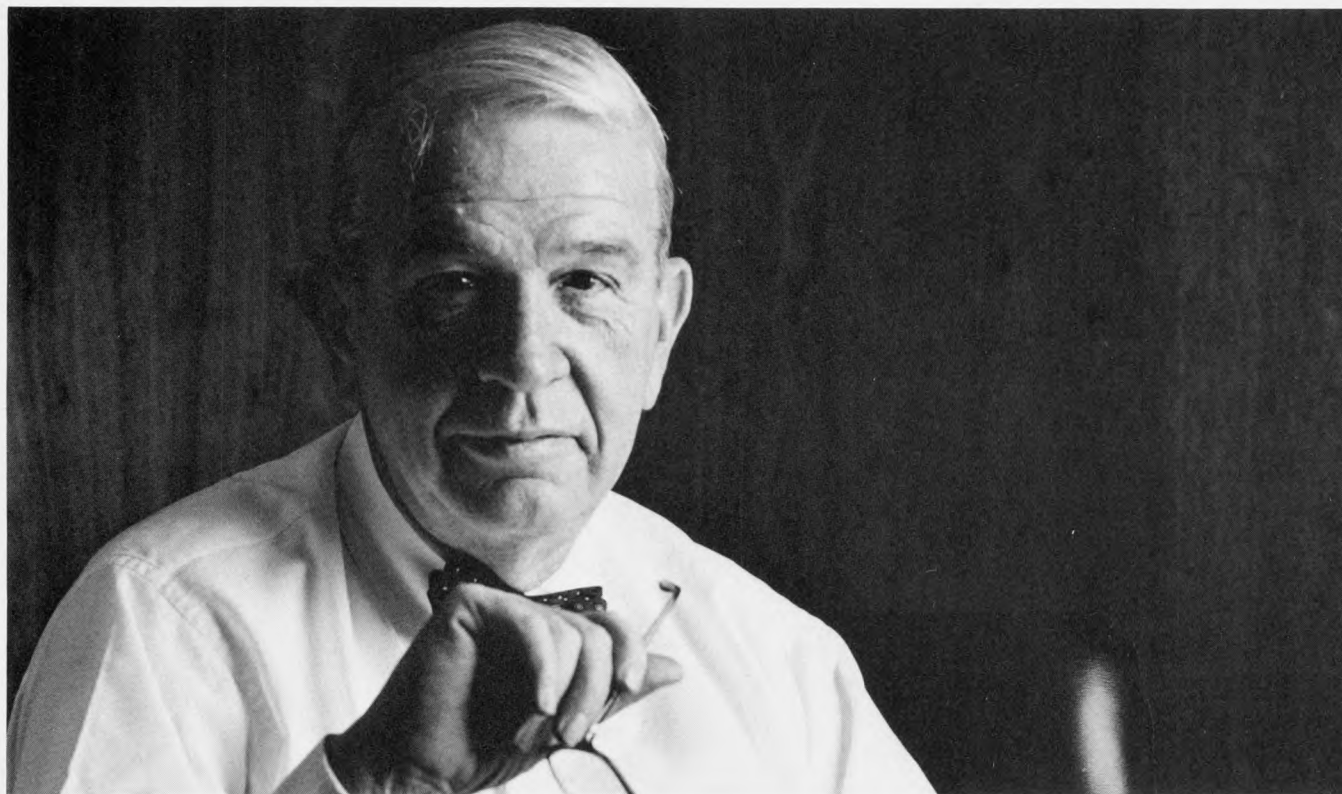
With over 300 employees, The Trust is a full-service information processor. The new headquarters will house operational support for two major processing systems and an item processing service. In addition, the facility will also contain administrative, research, development, client consulting, education and support divisions.

"The consolidation provides more efficient, cost-effective support for our clients," said Charles I. Budd, Trust CEO/president.

The Trust also has announced the release of "System 2000." This integrated system uses nationally recognized software products. It contains features for commercial banks and savings and loans that have not been available in one system until now. System 2000 includes customer management information, accounting, deposit and loan management, report writing, and PC compatibility.

System 2000 is currently being tested at a savings & loan in Iowa. This conversion and implementation process changed all processing applications as well as all on-line teller equipment at the institution.

Banking on common ground



John Chrystal, Chief Executive Officer, Bankers Trust

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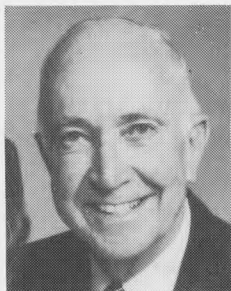
Carleton C. Van Dyke

Carleton C. Van Dyke, 72, a prominent northwest Iowa banker for nearly 50 years, died May 19 in Sioux City. Mr. Van Dyke's family was associated with the Toy National Bank of Sioux City for nearly a century.

At the time of his death, Mr. Van Dyke was owner and president of American Banc-Services, Inc., Sioux City. He had been owner and president for many years of Farmers State Bank, Marcus, and the First Trust and Savings Bank, Remsen. Mr. Van Dyke sold the Marcus bank just a month prior to his death, and the Remsen bank was in the process of being sold.

Carleton Van Dyke was born October 13, 1915, in Sioux City. His father, John W. Van Dyke, D.D.S., gave up his dental practice after a few years to join Toy National Bank, where he served as a vice president for 38 years until his retirement. Dr. Van Dyke married Grace Toy, daughter of the distinguished James F. Toy, who was president of Toy National Bank and its predecessor bank from about 1890 until shortly before his death in March, 1937, at the age of 87. Dr. and Mrs. Van Dyke had three sons, James, William and Carleton (named after Carleton Toy). Bill and Carleton served for many years as vice presidents of Toy National. William was chairman of the board and Carleton was president of Toy National from January, 1957, to January, 1972.

James Toy, Carleton's grandfather, owned 16 banks outside Sioux City at one time and Carleton began his banking career in 1938 at the family-owned bank in Anthon. He moved to Toy National in 1940.



C.C. VAN DYKE

After retiring from Toy in 1972, he was president of American Banc-Services, Inc., Sioux City, through which he pursued active management of his banks at Marcus and Remsen.

Carleton Van Dyke was graduated from Northwestern University in 1938. He held various summer jobs at Toy National as a boy before joining the First Trust & Savings Bank in Anthon as janitor, bookkeeper and teller in 1938, followed by his 32 years of service at Toy National.

Throughout his career, Mr. Van Dyke was actively involved with banking education and organizations. He was a past president of the American Institute of Banking chapter in Sioux City, later serving as AIB's regional representative for Iowa. During his career he was a past president of the Sioux City Clearing House Association, a member of the regional Comptroller of the Currency advisory board representing Iowa, and a member of the Small Business Administration regional board.

Mr. Van Dyke also had served as chairman of the Iowa Bankers Association public relations committee. He was a member of the original board of directors of the Iowa Independent Bankers and had served as a member of a national committee for the IBAA. He was a long-time member of an Iowa bank presidents peer group.

Mr. Van Dyke gave generously of his time to civic, social and church affairs. He had a lifelong interest in Boy Scouts, having received the prestigious Silver Beaver and Silver Antelope awards for distinguished service.

Mr. Van Dyke is survived by his wife, Virginia; a son, Steve, who resides in California, and twin daughters, Mary Sloan and Vivian McCullough, both of Denver. Mrs. Van Dyke continues to make her residence at 510 North Briar Path, Sioux City 51104.

Andrew Financial Merged Into First Dubuque Corp.

William G. Kruse, chairman of the board and CEO of First Dubuque Corp., and Thomas C. Dunlap, chairman of the Andrew Financial Corp., announced June 8 the completion of the merger of Andrew Financial Corp. and its wholly owned sub-

sidary Andrew Savings Bank into First Dubuque Corp., parent company of First National Bank of Dubuque. Through this merger, Andrew Savings Bank becomes the second subsidiary of First Dubuque Corp.

Andrew Savings Bank is now headquartered in Bellevue and operates branch offices in Andrew and LaMotte. It will continue to operate as an independent bank. No staff changes are anticipated.

Named in Cedar Rapids

Jerry Strait has been named a vice president at City National Bank, Cedar Rapids. He has held numerous executive positions at Merchants National Bank of Cedar Rapids over the past 20 years. Most recently he was assistant vice president in the personal banking division. His banking experience has included work in the trust department, operations, installment loans and commercial loans.



J. STRAIT

Added in Cherokee

Bonni Conley has joined the Valley Bank & Trust of Cherokee as vice president. Her responsibilities will be in ag and commercial loans. Prior to joining the bank, Ms. Conley was with FDIC in Des Moines.

Wenzl Earns SBA Award



THE 1988 Small Business Administration Financial Services Advocate Award for the State of Iowa has been given to Larry L. Wenzl, president of United Bank & Trust, Ames. The honor is presented to a business advocate who uses his or her influence to encourage small businesses.

Iowa Independent Bankers Annual Convention

July 21-23
Inn Resort Complex, Lake Okoboji

THE 17th Annual Convention of the Iowa Independent Bankers will be held at the Inn Resort Complex at Lake Okoboji on July 21-23. Presiding at the gathering will be Thomas H. Huston, chairman and president of Columbus Junction State Bank.

Slated to succeed Mr. Huston as president of the association is John Chrystal, chairman and CEO of Bankers Trust Company, Des Moines. Treasurer of the IIB is Ronald E. Fenton, president and CEO of Security Bank, Marshalltown. Serving independent bankers at the association office in Des Moines are Richard W. Berglund, executive vice president and corporate secretary, and Diane Gibbs, executive director.

As usual, the convention is geared to provide activities for the entire family. While bankers hear informative presentations by bankers, legislators and experts from related fields, spouses and young people will have their own programs to enjoy.

The preliminary program follows:

Thursday, July 21

P.M.

- 12:00 Registration opens.
- 5:00 Young People's Gathering, pool.
- 5:30 Reception for adults, poolside.

Friday, July 22

A.M.

- 8:00 First general session: call to order, invocation, keynote address by Thomas Huston. Report by Richard Berglund. "What's Ahead for the Economy"—Robert Krulwich, CBS business and economic correspondent, Washington, D.C. Secondary Market Update—John C. Dean, pres. & CEO, Glenwood State Bank, Glenwood. Presentation by Martha R. Seger, member, Board of Governors, Federal Reserve System. "Congressional Update: The Washington Scene"—Hon. Jim Leach, U.S. House of Representatives.



THOMAS H. HUSTON
President



JOHN CHRYSAL
Vice President



RICHARD W. BERGLUND
Exec. Vice. Pres.



DIANE GIBBS
Exec. Director

P.M.

- 12:00 Spouses' luncheon. "Nostalgia"—Carl Hamilton, vice president emeritus, Iowa State University.
- 1:00 Golf tournament.

Saturday, July 23

A.M.

- 8:30 Second general session: call to order by John Chrystal. "How to Deal with Farm Overproduction"—Lauren Soth, Pulitzer Prize winner and former ed., *Des Moines Register* editorial pages. "Your Telephone System—A Liability or an Asset?"—Mack Manning, partner, Office Systems Consulting, McGladrey, Hendrickson & Pullen, Schaumburg, Ill. "1988 Election—The View from Washington"—Robert Novak, co-host of CNN's "Evans and Novak," Washington, D.C. Business session: report of resolutions committee, IIB Pac report, report of nominating committee, election of officers.

P.M.

- 12:30 Registrant's luncheon. Dignitaries' remarks: William H. Greiner, exec. dir., Iowa Agricultural Development Authority, Des Moines; Michael L. Fitzgerald, treasurer, state of Iowa; Edward Tubbs, Iowa superintendent of banking; J.R. Nunn, pres., Independent Bankers Association of America. Golf awards; adjournment.
- 5:00 Social hour.
- 6:15 Barbeque. Awards, drawings.

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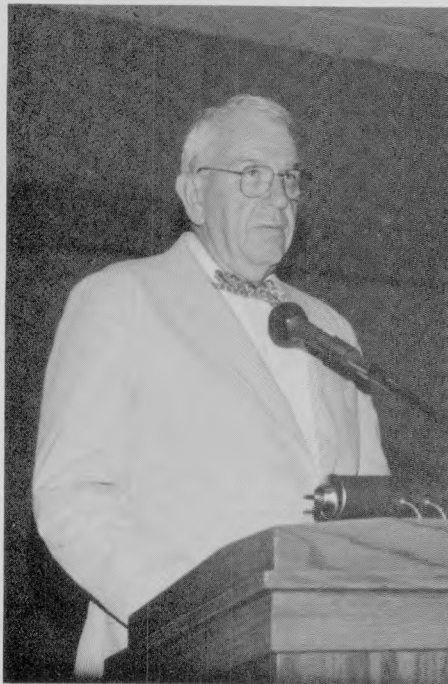
R. Scott Fetner/President
Iowa National Bank Corp
& The National Bank
of Waterloo

"Kirk Gross Company did
an excellent job on our
renovation"...



Arnold Schultz/President
Grundy National Bank

"The quality and service
provided by Kirk Gross
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AFTER DINNER speaker at Gp. 12 meeting at Okoboji was **John Chrystal**, chmn. & ceo, Bankers Trust, Des Moines, who gave his observations on Russia today, based on the latest of his 14 trips to that nation as an invited guest to analyze Soviet agriculture.

Pictures from Second Week of Iowa Bankers Group Meetings



GROUP 5—Secy. **Gerald F. Lapke**, pres., Shelby County State, and Chmn. **Michael K. Guttau**, pres., Treynor State, with IBA Pres. **Clair Lensing**, Farmers State, Marion.



DURING the second week of meetings, Groups 2 and 12 elected new officers. **LEFT**—IBA Pres.-Elect **Don Snyder**, pres., Mfrs. B&T, Forest City, congratulates incoming Gp. 2 Chmn. **Paul Johnson**, pres. Iowa State, Algona; retiring Chmn. **Joe Hutchinson**, pres., Union State, Rockwell City, and incoming Secy. **Scott Whyte**, exec. v.p., Security Savings, Eagle Grove. **RIGHT**—IBA Pres. **Clair Lensing**, pres., Farmers State, Marion, congratulates incoming Gp. 12 Chmn. **Gary Hughes**, v.p. & cash., Iowa T&S, Emmetsburg; incoming Secy. **Dave Emmert**, exec. v.p., 1st Natl., Paullina, and retiring Chmn. **James L. Cutteli**, pres., George State.

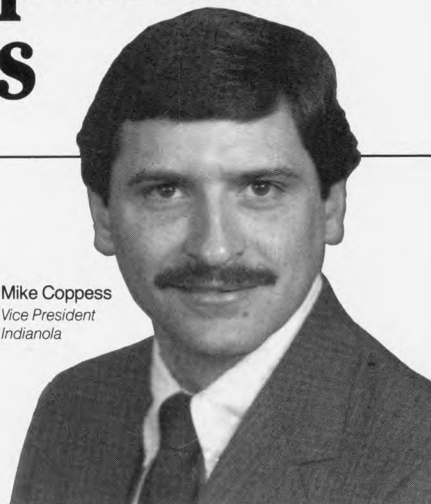


LEFT—Among those hosting hospitality rooms was U.S. Check Book Co. of Omaha. **Ron Warford** (second from left), cash., 1st T&S, Armstrong, visits with U.S. Check Book hosts (from left) **John Finlayson**, v.p. sales/mktg., and sales reps. **John Rasmussen** of Mound, Minn., and **Denny Sullivan**, of Mankato, Minn. **RIGHT**—Another hospitality room was hosted by Financial Institution Services Corp. of West Des Moines. Left to right are: **Dave Nyberg**, pres., and **Ray Hartley**, v.p., with guests **Don Jordahl**, v.p., Bankers Trust, Des Moines; **Gary Livesay**, v.p., IBIS, Des Moines, and **George Schneidermann**, pres. Rock Rapids State.

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.

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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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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.

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LEFT—Former IBA Pres. **Bud Pike**, Grundy Center, retired from Hawkeye Bancorporation and currently chmn. of Iowa State Racing Commission, visits with **Bob Louvar**, v.p., Merchants Natl., Cedar Rapids. **RIGHT**—**Terry Martin**, v.p., Merchants Natl., Cedar Rapids; **Roger Loerch**, pres., and his son, **Randy Loerch**, a.c., both with Manson State, and **James Esmay**, v.p., Union State, Rockwell City.



LEFT—Representing the leadership for Group 3 are, left: Secy.—**Richard Halverson**, pres., Corwith State Bank and Chmn.—**Bill Herbrechtsmeyer**, pres., First Security, Charles City. **RIGHT**—Participating in the Clear Lake meeting were, left: **Wes Ehrecke**, sr. v.p., IBA, and IBA Ag. Committee Chmn. **Charles Souder**, v.p., First Sec. B&T, Charles City.

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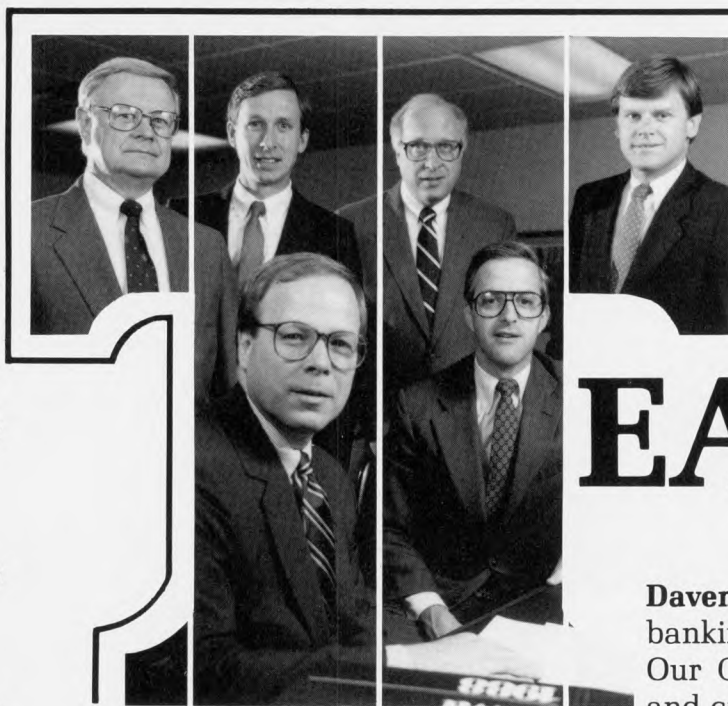


IBA/Collin Fritz Assoc. Offer IRA Software

The Iowa Bankers Association, in conjunction with Collin W. Fritz & Associates, Ltd., is offering computer software designed to perform minimum distribution calculations for IRA holders over age 70½. The software is in accordance with applicable IRS Code and Regulations and can be run on any IBM compatible computer with either a hard drive or a 3½" drive. It works best with DOS 3.0 or higher and is compatible with either a color or monochrome monitor.

The program, called MIN CAL, comes with a manual and a toll free phone number to call for assistance. Cost is \$195 for the PC version; quotes may be obtained for main frames. You may also elect to pay \$75 per year for the next two years for a compliance update service.

A sample diskette may be reviewed for a fee of \$25, which will be applied to the purchase price of the software. For more information, contact Collin W. Fritz & Associates, Ltd., P.O. Box 426, Brainerd, MN 56401.



Our Correspondent Team includes (seated from left): Jim Perkins, Assistant Vice President and Mike Bauer, First Vice President; (standing from left): Larry Makoben, Correspondent Banking Officer; John Oliger, Correspondent Banking Officer; Barry Richards, Vice President and Dave Howell, Correspondent Banking Officer.

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Farmers State in Keosauqua Remodels



FARMERS State Bank in Keosauqua has remodeled its facility. New features at the bank include a staggered teller line for more customer privacy, and a display of local artwork illuminated with track lighting. Office Concepts, Ltd. of Waterloo was in charge of the project. President of the bank is **Art Ovrom**.

Bank Directory Corrections

Several errors occurred in the editing and printing of the 1988 *Iowa Bank Directory*. Corrections of those errors brought to the attention of the **NORTHWESTERN BANKER** appear below. A new microcomputer, compatible with all top line makes, was purchased this year for entry of all data for the *Iowa Bank Directory*. In some instances, information was incorrectly entered, then occasional misprints occurred in the program. We regret any inconvenience these errors have caused. We ask *Directory* subscribers to transfer the following corrections to their books.

Cedar Rapids—Merchants National Bank:

International Department: Carol L. Ridder is Internatl. Bkg. Off.

Douglas Bass, Corr. Bkg. Off., should be shown with the Correspondent Services Division.

Retail Direct: Elizabeth C. Henriksen, V.P. & Trust Counsel, should be listed in the Trust Division. Donna R. Garnett is Sales Mgr. at Vernon Village. Add Amy Rudd as Sales Mgr., Main Bank.

Retail Indirect: Delete James H. Struve.

Trust Division: Add Elizabeth C. Henriksen, V.P. & Trust Coun. (as noted above). Add Dennis R. Haines, V.P.

Jeffrey E. Kaiden's title should be Corp. Tr. Off.

Add Judith Everett, Dennis L.

Dean and Allan L. King as Tr. Oper. Off.

Administration: Add Carol M. O'Deen, V.P.; Steven K. Ohde, V.P. & Comptroller, and Willis J. Schnell, V.P., Facilities.

Operations: Add John R. Taylor and Rudy O.W. Frey, V.P., and Charles B. Hamilton, Cashier.

Systems: Add Jimmie D. Henley, V.P.

Loan Review/Asset Quality Division: Add Gene A. Schmidt, V.P.

Cherokee—Central Trust & Savings Bank: Undivided Profits & Reserves (P&R) should be \$1,446,000.

Council Bluffs—First National Bank: Four officers who were entered later for this bank were inadvertently placed in the listing for Council Bluffs Savings Bank. The following should be shown in First National Bank: Rod Kinman, A.V.P. & Comptroller; Kathleen Chandra and Tim Donnelly, Comm. Ln. Off., and Todd F. Kruse, Comm./Ag. Ln. Off.

Eagle Grove—Security Savings Bank: Deposits are \$59,003,000.

Oelwein—First National Bank: Capital accounts are: Capital \$725,000, Surplus \$1,675,000, and Undivided Profits & Reserves (P&R) \$41,000.

Pella—Marion County State Bank: P&R shown incorrectly as \$2,965,000. Should be \$6,965,000.

Ruthven—Ruthven State Bank: Surplus should be \$925,000, not \$325,000 as shown.

Victor—Farmers Savings Bank: P&R should be \$2,131,000, not \$3,131,000 as shown.

Eagle Grove Bank Closes 500th IADA Loan

The 500th loan funded by the Iowa Agricultural Development Authority was closed May 17 at Security Savings Bank in Eagle Grove. The loan went to the Kent McCart family to purchase 80 acres of land which they have farmed for ten years.

Iowa Secretary of Agriculture Dale Cochran, by coincidence also an Eagle Grove native, was among dignitaries who participated in a special signing ceremony at the bank. He has been instrumental in promoting the program, which was established in 1981 to assist young farmers. Since then a total of \$39 million has been loaned.

William H. Greiner, executive director of the IADA, explains, "The lower interest rate on the loan helps new farmers keep a better cash flow and keeps them farming. We issue bonds to fund loans to eligible borrowers. The loan and its collateral are assigned to the lender as security for the bond. The income from the bonds received by the lenders is federally tax exempt which allows the lender to arrange a below market interest rate. The rate is usually two to four percent below the current market, based on 75 to 85 percent of the bank's prime rate."

Locally, the loan was handled by Security Savings' vice president, T.L. Henderson. He said, "We are eager to work with local farmers to keep them farming in our area. The lower interest rate helps reduce some of the risk involved in buying farm land."

A study of the first 75 loans made by the IADA shows that about 7 percent have failed, 356 are still in force, and 102 have been paid off. Nine have gone to the FDIC because of local bank failures.

Of the 500 loans made so far, all but five have come from local commercial banks. Five came from individuals in contract sales of land. None have been made by a savings and loan or Farm Credit Services lender.

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Des Moines

The Federal Reserve Bank of Chicago has promoted **N. Dean Rowland** to examining officer from administrative examiner in the supervision and regulation and loans department. He will continue to manage the bank's supervision and regulation office in Des Moines.

Mr. Rowland joined the Chicago Fed in 1986 as an administrative examiner. From 1974 to 1985 he was with the Iowa Department of Banking, where in 1981 he was named assistant to the superintendent of banking. He is the son of Thomas Huston, former superintendent of banking and president of Columbus Junction State Bank.

* * *

On June 1, McGladrey & Pullen merged with Hamilton & Associates, a recruiting and human resource firm based in Des Moines, according to Hamilton President **Thomas Hamilton**. His five-member staff will move to an office adjoining the CPA firm on the sixth floor of Capital Square in Des Moines. **David Hansen** is Hamilton's division manager.

* * *

Directors of Hawkeye Bancorporation elected **William J. Lillis** to the board at its regular meeting on May 9.

Mr. Lillis is a partner in the law firm of Connolly, O'Malley, Lillis, Hansen and Olson. He served as an assistant Polk County attorney prior to joining the firm in 1970. He is also a member of the board of Hawkeye Bank & Trust, Des Moines.

Iowa State Bank has announced it has relocated its trust department to the bank's Skywalk Office at 612 Locust.

According to **John Burgeson**, president of the bank, the move was necessitated by growth of the bank and the trust department. That department saw nearly 50 percent growth during 1987.

Named in Waterloo

David A. West has been named trust officer at the Waterloo Savings Bank. He comes to the bank from NBD Trust Company of Illinois, located in Evanston. Prior to his affiliation there, he was an associate with the law firm of Safford, West, Tornow and Jaeger of Peoria, Ill.



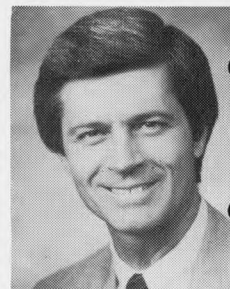
D.A. WEST

Added in Waverly

E.W. "Bill" Webster has joined First National Bank of Waverly as vice president and trust officer. He most recently has been employed as vice president and trust officer at First Trust Co., Billings and Bozeman, Mont. Prior to that he held trust positions at The First National Bank of Austin, Minn., and at American National Bank & Trust Company, St. Paul, Minn.

Elected in Dubuque

David D. Sullivan has been elected vice president, investments at American Trust and Savings Bank, Dubuque. Prior to joining the bank, he was vice president of investments for First Colonial Bankshares of Chicago. He held a similar position with Millikin National Bank, Decatur, Ill.



D. SULLIVAN

Remodeling for Dike Bank

Russell J. Perry, president and chief executive officer of the Iowa Savings Bank in Dike, has announced plans to remodel and refurbish the interior space of the bank.

New furnishings and a total new color scheme will be provided throughout the facility. A new teller line that has been relocated will provide expanded space in the lobby area for added customer convenience. The teller line will have a staggered design to provide privacy for customers, as well as a sit-down teller station for lengthier transactions and signing of new accounts. The addition of computer supported furniture will provide productivity and privacy in the bookkeeping area.

New to the bank and its customers will be an ATM located in the vestibule lobby, providing 24-hour banking services. In addition to the one at Dike, there will be an ATM installed soon at the New Hartford branch facility.

Kirk Gross Company, specialist in turn-key design and building services for financial institutions, is handling the project and estimates work should be completed by mid-August.

Dubuque Bank Sponsors Concert in the Park Series

First National Bank of Dubuque is sponsoring a series of biweekly, noon hour concerts throughout the summer. The concerts, featuring all types of pop music, will be held in Washington Park in Dubuque. The bank is presenting the series in cooperation with the Music Performance Trust Fund of the Recording Industry Local 289 of the Dubuque Musician's Association.

A composite image featuring a target with a bullseye, a blue pen, a red, white, and blue striped ribbon, and a gold medal. The medal depicts an archer in a dynamic pose, aiming an arrow. The background is dark and textured.

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