

NORTHWESTERN Banker Newsletter

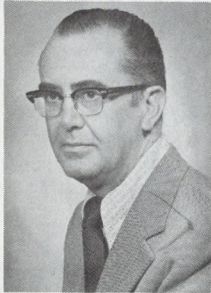
Vol. 3 No. 49

Des Moines, Iowa

April 8, 1974

Defends Montana Banks On Tax Issue

The following statement was made by Roger Ulrich, president of the Montana Bankers Association, an organization representing all 150 banks in Montana. Ulrich is also president of the First State Bank of Malta.



Roger Ulrich

"The Department of Revenue's recent audits of some Montana banks have revealed delinquent taxes in excess of \$500,000 according to recent news articles. These articles leave the impression all Montana banks are automatically guilty of tax evasion, and the Department of Revenue's interpretation is the only correct interpretation of the tax laws of Montana. This had led to considerable misunderstanding.

"All banks in Montana (national, state, large and small banks) are subject to a property tax which is imposed on banks only. No similar tax is imposed on any other Montana taxpayer. In theory the tax is imposed on the stockholders or owners of a bank. In fact, the tax is imposed on the bank and paid by the bank — an expense which is paid out of a bank's earnings.

"A bank's shares (capital, surplus and undivided profits) are taxed at 100% of value, as compared with real estate that is taxed at 40% of value. For example, \$100,000 of bank shares is assessed at \$100,000 whereas \$100,000 of real estate is assessed at \$40,000.

"The amount of a bank's capital and sur-

plus cannot be disputed. The market value or worth of real estate can be disputed between the owner and assessor, whereas a bank deals in cash and securities. A dollar is a dollar universally! In addition, the bank's books are examined regularly by state and federal governmental agencies. What is included in undivided profits, however, can be disputed, and the difference of opinion between the banks and the Department of Revenue is how this amount is determined.

"The dispute arises from two questions: Are certain reserves set up by a bank for potential losses and is interest collected but not earned under some circumstances, a part of undivided profits. If either of these items is used incorrectly to reduce undivided profits and thereby lower a bank's taxes, the bank should be required to pay the appropriate taxes due.

"On the other hand, a bank, in good faith, may set up reserves for losses which it believes are justified and may not include interest in undivided profits because it has not been earned, as is prescribed by many accountants. This bank then does not owe back taxes claimed by the Department of Revenue and has the right to resolve the difference of opinion through litigation.

"Some of the banks are doing just that — suing for the return of taxes claimed to be unjustly assessed. Banks will readily pay whatever taxes are due and as a group are one of the top ten taxpayers in Montana. In many counties the local, community bank is either the single, largest taxpayer or among the top three. The courts will decide which accounting methods are correct. In

the interim, we deplore the news media's inference there is gross misconduct or guilt by the named banks or the banking industry."

NORTH DAKOTA NEWS

FARGO: Jack Van Sickles has joined the instalment loan department of the First National Bank and Trust Company.

HAMILTON: The Bank of Hamilton has applied to move its business to Cavalier, to change its corporate name to First Dakota State Bank and to establish a paying and receiving station at Hamilton. A public hearing will be held on the application on April 19 at the State Capitol in Bismark.

NECHE: A public hearing on another application by The Citizens State Bank will be held April 18 at the State Capitol in Bismark. The bank is applying to move its business to Cavalier, to change its corporate name to Citizens State Bank of Pembina County and to establish a paying and receiving station at Neche.

REGENT: The application of First State Bank to increase its capital from \$75,000 to \$250,000 by stock dividend has been approved.

VALLEY CITY: The James River Chapter of Bank Administration Institute will be held Tuesday, April 9, at the Eagles Lodge.

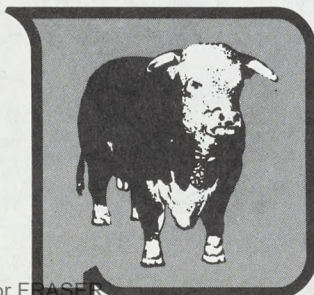
WESTHOPE: The application by the Peoples State Bank to increase its capital stock from \$70,000 to \$250,000 by stock dividend has been approved.

SHARON: An application from the First State Bank asking permission to increase its number of directors from three to five has been approved.

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Fed Ruling Favors Banks Underwriting

The Federal Reserve Board last week moved to permit bank holding companies to deal in and underwrite municipal bonds as well as certain U.S. and state securities.

The board said it specifically would consider allowing United Bancorp., of Roseburg, Ore., to establish a subsidiary to underwrite and deal in such securities.

Possible extension by the Federal Reserve of bank holding company activities would include underwriting and dealing in obligations of the U.S., general obligations of states and municipalities, and securities that state chartered banks of the Federal Reserve System may deal in or underwrite.

The board asked for comments by May 8.

IOWA NEWS

The Bank Marketing / Iowa Bankers Association Community Bankers Seminar scheduled for April 16 and 17 has been specifically designed for Iowa banks. The program is a "How To" session on bank marketing for banks of \$50 million or less.

BATTLE CREEK: Norman Rossow has been appointed vice president of the First State Bank, according to John Tomke, president. Mr. Rossow will assume his duties the early part of April. He has been at the Audubon First State Bank for four years as assistant vice president.

DES MOINES: The annual stockholders meeting of Hawkeye Bancorporation will be held Tuesday, April 9, at The Des Moines Golf and Country Club. There will be a buffet at noon. Dr. Paul Nadler, professor of the Graduate School of Business Administration, Rutgers University, will speak on "The Changing World of

Banking" at 1 P.M. The meeting stockholders will begin at 3:15.

FORT DODGE: Richard W. Siegmund, 30, has been elected auditor of the First National Bank, according to Earl J. Underbrink, president. He succeeds Leo L. Jones who retired March 1 after 47 years with the bank.

OTTUMWA: Martin Roggen, president of the First National Bank, has been appointed to a three-year term on the Ottumwa Heights College Board of Trustees.

PELLA: Robert C. Power has been elected president of the Marion State Bank of Pella. Mr. Power has been with the bank since 1955. Previously he had been associated with the Iowa State Savings Bank in Creston and the Farmers and Merchants Bank of Winterset.

NEBRASKA NEWS

BROKEN BOW: Carl Norden, 29, has joined the Nebraska State Bank and Trust Company as a vice president. Mr. Norden was employed with First Security Bank of Holdrege for four years. In his new position, he will work primarily in agricultural loans.

ELGIN: David Sullivan has joined the Bank of Elgin as teller and bookkeeper.

LINCOLN: Citizens State Bank has received permission to establish a detached tellers' facility at 1600 North Cotner Boulevard.

LYONS: Controlling stock in the First National Bank and Farm & Home Insurance Agency has changed. Leon Langemeier has sold it to a group of businessmen. They are Duane W. Acklie, president, Bank of Norfolk; Jay L. Dunlap,

president, Union Bank & Trust Co., Lincoln; Leroy Hilt, president of Hilt Truck Lines, Inc., Omaha; G. A. Dunlap, president, Farmers and Merchants Bank, Milford, and M. W. Dunlap, president of banks at Waverly and Douglas. The new owners have announced plans for a new bank building.

NEBRASKA CITY: The Otoe County Realty Company has merged into the Otoe County National Bank. Ellsworth L. Merkel, president of both, continues as president of the surviving corporation.

PURDUM: Funeral services were held recently for John F. (Jack) Moody, 76, past president of the Purdum State Bank. He was associated with the bank for 30 years.

TILDEN: Open house was held at the Tilden Bank recently. Extensive remodeling has been completed.

WYMORE: Bill Bough has joined the Wymore National Bank as vice president. Mr. Blough formerly served as an assistant cashier at the First State Bank of Scottsbluff.

YORK: Fred Hopkins has joined the First National Bank as assistant cashier and auditor. Mr. Hopkins was formerly associated with The Farmers and Merchants Bank of Edison.

MINNESOTA NEWS

Minnesota's 3rd District Congressman William Frenzel will address the 1974 Minnesota Bankers Association Lending Conference to be held April 16-17 at the Leamington Hotel, Minneapolis. He is scheduled as the opening speaker on the Tuesday, April 16, business session, followed by a discussion of activities in the 1974 session of the state legislature and bank lending laws by Minnesota bankers, association officers and state legislators.

Tuesday evening activities will include a reception, dinner and entertainment. Wednesday, April 17, will feature talks by economists, lenders and inspirational speakers.

APPLE VALLEY: A charter has been issued to First State Bank, 14801 Glazier Avenue, and the bank has opened for business with \$200,000 in capital; \$200,000 in surplus, and \$100,000 in undivided profits. Officers are Robert A. Lebens, president; Joseph Nordlund, vice president and cashier, and Michael Ward, assistant cashier.

DETROIT LAKES: Funeral services were held recently for Alden Pearson, 81, one of the founders and a director of the First National Bank. He had retired several years ago.

DULUTH: First National Bank has announced the following elections: Bruce P.



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Wagner, trust tax officer; Lorraine Casshie and Robert E. Johns, assistant trust officers; Michael S. Higgins, loan officer; Donna M. Powell, assistant operations officer, and Ione A. Ringdahl, assistant personnel officer.

EAST GRAND FORKS: Matt Linzbach has joined the Citizens State Bank as vice president. He previously was associated with the Citizens State Bank of Brainerd.

FULDA: Margaret Popp has been appointed assistant cashier of the Citizens State Bank. She joined the bank in 1960.

MOORHEAD: Doris Larson has been elected operations officer and Marlene Trom assistant operations officer at Moorhead State Bank. Larry A. Bexell was elected marketing officer. Melvin Skarpohl was elected chairman following the resignation of Carl White. Jack Simon was elected a director.

ILLINOIS NEWS

CHICAGO: An application to establish a banking office here has been filed by European Banking Company Limited, London, England. David J. Rosso of Isham, Lincoln & Beale, Chicago, is the registered agent.

ROSELLE: A permit to organize has been issued for the Suburban Bank of Roselle at the southeast corner of Roselle Road and Blackhawk Drive. Total capitalization of the new bank will be \$1 million, consisting of \$375,000 in capital, \$375,000 in surplus and \$250,000 in reserve for operating expense. The 25,000 shares have a par value of \$15 per share. Organizers include Mark H. Beaubien, Jr., and Edward T. Burley, Barrington; Gerald F. Fitzgerald, Palatine; Alan F. George, Arlington Heights, and C. Michael Reese, Elk Grove Village.

OTTAWA: A permit to organize has been issued for the Illinois Trust & Savings Bank, 601 State St. Total capitalization will be \$750,000, consisting of \$280,000 in both capital and surplus and \$190,000 in

reserve. The 40,000 shares have a par value of \$7 each. Organizers include Robert F. Bettasso and Frederick B. Rabenstein, Ottawa; Casimir J. Chamlin, Warren O. Denler and Earle S. Nelson, Jr., Peru.

COLORADO NEWS

BOULDER: Roy Eller has been named instalment loan officer of the National State Bank and Dave Christopher has been named assistant operations officer.

DENVER: Robert W. Graf, former treasurer and controller of Mountain Banks Ltd., has been elected to the board of the bank holding company and appointed vice president of finance and secretary-treasurer.

GREELEY: O. M. (Will) Williams has been appointed vice president of marketing and retail banking at the First National Bank.

GOLDEN: United Banks of Colorado, Inc., has announced it has reached an agreement in principle with First Golden Bancorporation for the acquisition by United Banks of the First National Bank in Golden in exchange for 301,000 shares of United Banks common stock.

NORTHGLENN: The application by the Adams County Bank for Federal deposit insurance has been approved. Total capital accounts of the bank are \$700,000.

SOUTH DAKOTA NEWS

MITCHELL: Ed Newell has joined the Mitchell National Bank as a vice pres. He has been with the Northwestern National Bank, Sioux City, traveling the South Dakota area for the bank.

Conventions Calendar

April 8-9—Robert Morris Associates Regional Workshop on Loan Quality Control, Marriott Motor Hotel, Chicago.

April 15-17—Community Bankers Marketing Seminar, Co-sponsored With Iowa Bankers Association, Des Moines Hyatt House, Des Moines, Ia.

April 21-24—Conference of State Bank Supervisors 73rd Annual Convention, Williamsburg Inn, Williamsburg, Va.

April 21-26—Robert Morris Associates Loan Management Seminar, Indiana University, Bloomington.

April 23-26—American Bankers Association Governing Council Spring Meeting, The Greenbrier, White Sulphur Springs, W. V.

April 28-30—Chamber of Commerce of the United States 62nd Annual Convention, Washington Hilton.

April 28-May 1—Bank Administration Institute Smaller Bank Presidents Forum, Key Biscayne, Fla.

April 28-May 4—American Society of Farm Managers and Rural Appraisers Ranch Appraisal School Salt Lake City, Utah.

May—Independent Bankers Association of American Annual Seminar for Senior Bank officers, Harvard University Business School, Boston.

May 5-7—Nebraska Bankers Association 77th Annual Convention, Radisson Cornhusker, Lincoln.

May 5-8—Bank Marketing Association Research Conference, Americana, New York.

May 6-8—American Bankers Association National Mortgage Conference, Marriott Motor Hotel, Atlanta.

May 8-10—North Dakota Bankers Association 89th Annual Convention, Minot.

May 12-17—American Bankers Association National Personnel School, Philadelphia Marriott.

May 15-17—Association of Registered Bank Holding Companies 16th Annual Meeting, Neil House, Columbus, Ohio.

May 16-17—South Dakota Bankers Association 82nd Annual Convention, Downtown Holiday Inn, Sioux Falls.

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SOUTH DAKOTA NEWS

PIERRE: The South Dakota Bankers Association annual agricultural conference will be held at King's Inn April 9-10.

SPRINGFIELD: E. B. Dwight has been named chairman of the board of the Springfield State Bank. D. W. Dwight has been named president. Other changes include Robert D. Coleman, vice president; Lorraine DeRoos, cashier, and Virginia Dwight, assistant cashier.

STURGIS: Peter Johnson has joined the First Nat'l Bank of the Black Hills as asst. mgr. of this office.

WATERTOWN: Duane Peterson has joined the instalment loan department of the First National Bank.

WYOMING NEWS

HANNA: The Wyoming State Examiner has granted approval of an application to establish a new state bank, The Bank of Wyoming, Hanna. Organizers include Arthur R. Abbey, president, Wyoming Blue Cross-Blue Shield; Sol W. Bernstein, investments; Paul L. Howes, president, Wyoming Bancorporation; K. L. McShane, M.D.; and F. A. Rummel, Jr., chairman, The First National Bank of Rawlins. The five are directors of Wyoming Bancorporation and all but Mr. Rummel are residents of Cheyenne. An application will be filed soon with the Fed seeking its approval of the new bank's affiliation with Wyoming Bancorporation. The bank is expected to open about mid-summer, 1974.

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CONTROLLER—need 2 (Ks) (Iowa) prefer C.P.A. with over 5 yrs. exper.\$25,000
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Vol. 3 No. 49 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 25¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579) manuscripts, mail items to above address.