

# NORTHWESTERN Banker Newsletter

Vol. 4 No. 12

Des Moines, Iowa

July 21, 1975

## Illinois Court Case Testing CBCTs

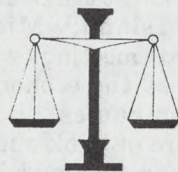
A delay in plans to activate electronic funds transfer terminals in 62 food stores in the Chicago metropolitan area was announced June 23 by Continental Bank of Chicago. The bank had announced on June 20 it would establish customer bank communications terminals (CBCTs) in the Dominick's chain of food stores about July 1.

These 62 facilities, scheduled to open about July 1, would have been in addition to the automatic unmanned teller machines (Docutels) that Continental Bank had announced previously would be placed in the North Western Station and in the Two Illinois Center building, as well as similar units on the bank's own premises. These unmanned teller units would all be on-line with Continental computers.

The Illinois Attorney General filed suit against Continental Bank in the Federal District Court for the Northern District of Illinois in Chicago, stating that CBCTs are branches and, therefore, violate the state's ban on branch banking.

A hearing was held June 23 in the court of Federal Judge Hubert Will, who ruled that the Illinois Attorney General would have to show, among other things, that

irreparable damage would result from the two units planned for the commuter station and the Illinois Center building before he would



issue a restraining order. The June 20 announcement of the additional 62 units planned was brought to the judge's attention.

When this appeared to cloud the issue, attorneys for Continental Bank said the bank would withhold action on the added 62 outlets until the issue raised by the Illinois Attorney General is resolved. Judge Will agreed with this and did not issue the restraining order against the first two remote units located off the bank's premises.

Attorneys for the bank, the Illinois Attorney General and the United States Attorney (representing the Comptroller of the Currency) returned to Judge Will's court July 8 to report on their conferences since the June 23 hearing. The court set September 10 as the date for initial filing of briefs for both sides.

The Comptroller's interests were

represented since Continental Bank had announced its intention to operate the remote facilities under a regulation issued earlier by the Comptroller, which authorizes national banks to operate such EFT terminals within 50 miles of the bank. The Comptroller also ruled that such installations are not branches. He has been challenged on this decision in several places and an adverse decision to his interpretation was handed down in a Colorado court recently.

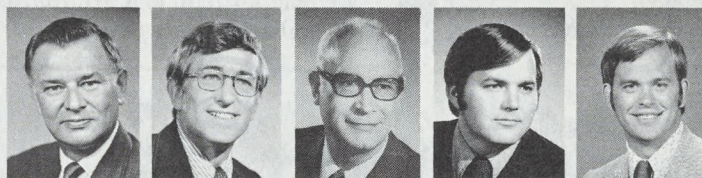
In the Colorado case, the First National Bank of Fort Collins was taken to court by the state Attorney General, on behalf of the superintendent of banking, for violating state branching law by opening a CBCT in that city. U. S. District Court in Denver found in favor of the state and against the bank and the Comptroller of the Currency. The Comptroller has a motion before that Court for reconsideration and a change of decision.

Continental Bank has proceeded with the Docutel machines at North Western Station and Two Illinois Center. It has three Docutel units already operating in the main bank at 231 So. LaSalle St., one in the adjoining Bankers Building, which is part of the bank premises, and will install three units in its facility

COURT CASE. . . . .

[Continued on back page, please]

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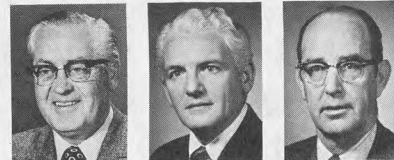
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### Prime Rate Moves to 7¼ %

The prime rate moved up from 7% to 7¼% at First National City Bank of New York July 11 and was followed by similar action by other major banks in New York, Pittsburgh, Chicago, San Francisco and Los Angeles. The 7% level generally had been the low since its drop from the peak of 12% reached a year ago.

### Central States Elect Officers

More than 115 executives from the 16 state banker associations in the Central States Conference attended the annual meeting at Tan-Tar-A in Lake of the Ozarks, Mo., earlier this month. New officers elected are:

President—Truman L. Jeffers, executive vice president, Minnesota Bankers Association.

1st Vice President—Bryan Koontz, executive director, Wisconsin Bankers Association.

2nd Vice President—Willis Moreman, executive vice president, Kentucky Bankers Association.

Secretary-Treasurer—J. I. Milton Schwartz, executive manager, South Dakota Bankers Association.

### Comptroller To Host Chief Execs of National Banks

Chief executive officers of national banks in Iowa, Minnesota, Wisconsin and Michigan have been invited to meet with the Comptroller of the Currency and his senior staff July 27-29 at the Grand Hotel, Mackinac Island, Mich. The on-the-record meeting will cover such topics as the economy, bank holding companies, branching trends, future of bank automation, trust developments and legal and antitrust matters. Registration starts at 1 p.m. Sunday, July 27. The meeting concludes at noon on Tuesday.

### Iowa News

**AUDUBON:** An Illinois man has been elected president of the First State Bank here, the fourth generation of his family to hold the post. He is Edwin S. Van Gorder, a Chicago educator, whose great-grandfather founded the bank 99 years ago. Mr. Van Gorder succeeds his mother, Henryetta S. Van Gorder, who died several weeks ago. Mr. Van Gorder and Larry L. Miller of Kearney, Nebr., were named to the board, and Mr. Miller was named chairman. His wife was a daughter of the late Mrs. Van Gorder.

**HARLAN:** Jim Richardson has joined the Shelby County State Bank as agricultural loan officer. Mr. Richardson is a graduate of the agricultural college of Iowa State

University in Ames in 1970 and most recently has been with the U. S. Air Force.


**MAPLETON:** Barbara Schrunk has been named assistant cashier of the First State Bank. Miss Schrunk has been with the bank for seven years and is head of the bookkeeping department.

**OKOBOJI:** New officers elected by the Iowa Independent Bankers at its fourth annual convention are: president, Keith W. Campbell, president, Citizens State Bank, Sheldon; vice president, Churchill T. Williams, president, Oelwein State Bank, and treasurer, Tom Wright, president, Bankers Trust Co., Des Moines.

**SIOUX CITY:** Les Olson, president, Toy National Bank, has announced that the bank plans to put a Customer Bank Communications Terminal at a free-standing location in a small shopping center near Morningside College. The Docutel Total Teller machine will be housed in a small building large enough for bank customers to step inside and use the unmanned electronic facility. It will not be on-line initially, and will be activated by the bank's own teller card. The bank plans to have it in operation by early fall.

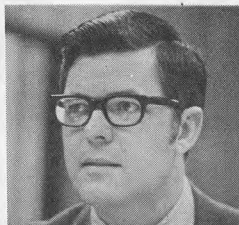
### Nebraska News

**GRAND ISLAND:** Directors have




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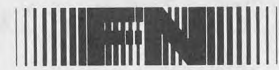
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elected Phil J. Zeller as president of Overland National to succeed Wayne Morris, who is now chairman. Willard Westover was advanced from senior vice president to vice chairman. Mr. Zeller formerly was executive vice president at Security National Bank of Kansas City, Kan.

LINCOLN: First National will hold its 15th annual Correspondent Bank Conference September 19-20. Details of the business program will be announced soon by Charles R. Leffler, vice president in charge of the correspondent division. The conference will adjourn by noon Saturday so guests may attend the University of Nebraska opening home football game at the Nebraska stadium.

OMAHA: Joseph T. Sullivan has joined the United States National Bank as a commercial banking officer. He formerly was senior vice president of the Southwest Bank.

SOUTH SIOUX CITY: L. B. Moore has been named executive vice president of the Dakota County State Bank. He replaces Donald E. Sabbann who has purchased the Corwith State Bank. Mr. Moore previously was vice president of the Columbus Heights State Bank of Minneapolis, Minn.

STANTON: Rodney W. Schellpeper has been promoted to vice president of the First National Bank. Mr. Schellpeper, who has been with the bank since August of 1969, also serves as cashier. Gladys M. Freiberg, associated with the bank for nine years, is now serving as assistant cashier.

## Illinois News

CHICAGO: An application for a permit to organize Heritage Bank of Harbor Mall at I-94 and 111th Street has been filed. Total capitalization would be \$1 million.

OSWEGO: An application for a permit to organize Boulder Hill State Bank has been filed. Total capitalization of \$600,000 would consist of \$200,000 in both capital and surplus and \$200,000 in reserve.

## Minnesota News

The Minnesota Bankers Association will conduct two meetings this week covering the topics of direct deposit of Social Security checks, Individual Retirement Act, RESPAs and laws and regulations. The meetings will be Thursday, July 24, at Detroit Lakes, and Friday, July 25, at Redwood Falls. Registration is at 9:30 a.m., workshop starts at 10 a.m., luncheon at noon and the meeting concludes about 4:30 p.m.

At the first two meetings last week, over 400 attended in Bloomington, followed by another large attendance at Grand Rapids.

MINNEAPOLIS: The 1,000th fully qualified member of UMACHA joined the Clearing House's growing ranks July 10. An additional 107 banks have signed and the paperwork is being completed on their applications. This represents 88% of the banks and 92% of the deposits among the 1,255 banks in the ninth Fed District, which UMACHA serves.

New officers elected by UMACHA are: president—Larry Hagemayer, American of St. Paul;

vice president—Hugh McNamee, Midland National, Minneapolis; secretary—Jerry Bilski, Midway National, St. Paul, and treasurer—Dave Krentz, Northwestern National, St. Paul.

MINNEAPOLIS: Midland National Bank directors have advanced John P. Knutson from president to chairman and he will continue as chief executive officer. Harry C. Benson, Jr., senior vice president at Northwestern National Bank in Minneapolis, has been elected president of Midland to succeed Mr. Knutson. The two changes will be effective October, 1975. Ernest C. Pierson, group vice president at Midland National, has been advanced to executive vice president, effective July 15. Mr. Benson and Mr. Pierson also were elected directors of Midland National.

PLUMMER: Burt Amundson, 50, has joined the Plummer State Bank as executive officer. He formerly was executive vice president of First State Bank, Wykoff.

## North Dakota News

MAYVILLE: Richard Embertson has been appointed auditor of The



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Goose River Bank, according to Lloyd C. Kempf, president. Mr. Embertson formerly was with Arthur Anderson and Company of Minneapolis in the commercial audit division.

## South Dakota News

LENNOX: A Certificate of Authority has been issued for Valley Exchange Bank here to operate a branch bank at Tea.

SIOUX FALLS: Bruce D. Lemon, marketing officer, Northwestern National, recently graduated from the two year School of Bank Marketing at the University of Colorado at Boulder. The school is sponsored by the Bank Marketing Association head-quartered at Chicago in cooperation with the University.

## COURT CASE. . . . . [Continued from page 1]

to be completed later this year at 30 No. LaSalle St. That facility is authorized under state law permitting an office within 1,500 feet of the main bank.

Bank customers are being issued Continental Banking Cards to activate the machines. At Dominick's food stores, the same card may be used and the transaction would be on-line with the bank's computers. Although the agreement in force at this time blocks funds transfer, the cards may be used at Dominick's stores for check-cashing approval.

Further action toward implementation of EFT through Dominick's or other outlets apparently awaits outcome of the hearing scheduled September 10.

## WANT ADS

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