

NORTHWESTERN Banker Newsletter

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Appeals Court Denies CBCTs in Illinois

The U. S. Court of Appeals on May 28 ruled that customer-bank communication terminals are branches and are prohibited by Illinois law.

The appeals court upheld a lower court ruling that prohibited most functions of CBCTs and then went beyond that ruling to prohibit all important banking functions.

Judge Herbert Will of the U. S. District Court last December ruled that the remote tellers could not accept deposits, cash checks, make loans or cash advances, or transfers between accounts. He said they could be used for cash withdrawals from existing accounts and for payment of instalment loans. The three-judge panel upheld the first part of Judge Will's ruling but overturned the last part to prohibit withdrawals and loan payments also.

Three days previous to the decision by the U. S. Court of Appeals, the Illinois Bankers Association announced the results of its year-long EFT feasibility study at its 85th annual convention in St. Louis. Formal organization for EFT in Illinois is planned by the IBA for October, 1976. It is anticipated that between 400 and 600 banks will join in the effort by paying entry fees of from \$1,000 to

\$2,500 according to deposit size. A technical acceptance test is scheduled for May, 1977. Under the ruling made by the U. S. Court of Appeals, the future for EFT in Illinois is uncertain unless changes are made in Illinois law.

Appeal To High Court

The ruling came on a suit against Continental Illinois National Bank and Trust Co. and First National Bank of Chicago filed by Illinois Attorney General William J. Scott.

Continental has been allowed to continue to operate two full-service off-site tellers and First National has been allowed to continue operating four full-service off-site tellers at private business locations while the suit has been heard.

First National recently began operating 10 "community" machines that allowed withdrawals and loan payments.

It was not immediately clear what would happen to those teller units.

Both banks said they will appeal to the U. S. Supreme Court.

Remote tellers have been viewed as an alternative to branch bank offices, but the state has maintained that the tellers, though unmanned, qualify under the federal definition of a branch and

thus banks with national as well as state charters are not allowed to use them in Illinois.

The case has revolved around what defines a branch bank and what banking functions are covered under the law. Nationally chartered banks such as First National and Continental must follow state banking law on branching.

Judge Will had ruled that the use of a plastic card to make withdrawals from the machines was not the same as cashing checks by machine, which he prohibited. The appeals court said it didn't see a distinction and "the card serves the same function as a check."

Not affected by the ruling are the networks of check verification units being set up by the two banks in supermarkets and elsewhere. Those networks were being set up by the banks which hoped to expand the functions offered.

A. Robert Abboud, chairman of First National, said the appeals court ruling means "no technology can be made available to the consumer either to broaden the convenience of service or to reduce costs of service."

He said the antibranching law in Illinois and the position of anti-branching bankers combines to "retard development and increase

CBCTs.
[Turn to back page, please]

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Wisconsin Bankers Gather For Annual Convention

The 80th annual Wisconsin Bankers Association Convention is underway at the Pfister Hotel & Tower in Milwaukee. The first general session begins Tuesday, June 8. Featured speakers are George Will, syndicated columnist for the Washington Post; Astronaut Donald Slayton; Sen. William Proxmire; J. Rex Duwe, president of the American Bankers Association; Erich Mildenberg, commissioner of banking for Wisconsin; Bill Gove, management training consultant and Drew Parker, who presents an impersonation of Mark Twain.

Iowa News

The banks of the Bluegrass Bankers Association (Adams, Union, Ringgold and Taylor Counties) plus adjacent banks are co-sponsoring with the Midcrest Extension Service the Cow-Country Field Day on Saturday, June 26. The day will be held at the Union County Fairgrounds at Afton. The program is geared to

the small to medium-sized cow-calf producer and major management ideas will be stressed. For further information, contact Charles H. Ehm, president, Bluegrass Bankers Association, Iowa State Savings Bank, Creston, Ia. Phone: 515/782-2169.

BETTENDORF: The telephone number of Security State Trust & Savings Bank is listed incorrectly in the 1976 Iowa Bank Directory. The correct number is 319/359-7101.

DES MOINES: Basic financial statement analysis, collections, indirect and direct lending, bank law, operational procedures and public relations and marketing will all be topics of discussion at the 1976 Iowa Instalment Lending School. The one-week session, sponsored by the Iowa Bankers Association, will be held August 15-20 at the Olmstead Center at Drake University in Des Moines. Tuition is \$185. Banks should submit applications and fees by July 15 to Iowa Bankers Association, 430 Liberty Building, Des Moines, Ia. 50309, Attn.: Peg Lucas.

HOLSTEIN: Holstein State Bank has named Wayne Hettinger president. He formerly was vice president, director and trust officer of the Atlantic State Bank. Norton D. Obrecht, former president, will

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remain active at the bank and will assume the title of vice president.

KEOTA: Thomas Hahn has joined the Farmers Savings Bank as a management trainee. He is a recent graduate of the University of Iowa.

Nebraska News


CRAWFORD: The Federal Reserve System has announced its approval of the applications of Crawford State Company to become a bank holding company through acquisition of Crawford State Bank and to acquire the general insurance agency activities of Crawford Bank Agency.

LAUREL: Jerry Schroeder has joined the Security National Bank as an officer trainee. He formerly was a loan officer with the Yankton Production Credit Association.

PALMER: Don Jewell has joined the State Bank. He formerly was an insurance adjuster in Beatrice.

Minnesota News

The following banks have increased their capital stock: by sale of new stock—State Bank of



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McGregor, from \$75,000 to \$100,000 and Independent State Bank of Minnesota in Minneapolis, from \$632,200 to \$657,200; by stock dividend—Northwestern State Bank of Luverne, from \$300,000 to \$450,000 and Bank of Minneapolis and Trust Company, from \$633,330 to \$823,330.

CROOKSTON: A three-day Conference on Rural America has been scheduled here for July 15-17. It is a forum for all concerned with the future of rural America with a wide range of topics covering rural America's role in the third century, economics and justice, energy, rural housing, rural health, regional planning. Gene Sipe, president, First National Bank of Crookston, is a member of the conference's executive committee.

North Dakota News

CROSBY: Funeral services were held recently for Arthur B. Cary, assistant vice president of The Farmers State Bank. Delton O. Olson, cashier, has announced the addition of Gaylen Melgaard to the bank's staff as assistant vice president.

DEVILS LAKE: Dean Pecka has joined the Western State Bank as loan officer. He formerly was branch manager of Public Finance in Grand Forks.

GRAND FORKS: Arden L. Shores has been named assistant vice president and manager of the instalment loan department at the First National Bank. He formerly was assistant vice president and manager of Associates Financial Services Co., Inc., here.

South Dakota News

CARTHAGE: John Windedahl has been named president of the Farmers State Bank replacing the late D. P. Amsberry. Dale Morstad has been named executive vice president and cashier and Doug Morstad director.

CHANCELLOR: Inez Winterboer

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has been promoted to cashier and Kenneth Hults to assistant cashier of the Chancellor State Bank.

OKATON: Gene Buxcel has joined the Okaton State Bank. He is a recent graduate of South Dakota State University, Brookings.

WILLOW LAKE: Kevin Eikamp has been named manager of this office of the Citizens State Bank of Clark. Mr. Eikamp has been with the Dacotah Bank Holding Company for the past two years in Aberdeen and at the Roslyn office of the Security Bank and Trust Co. of Webster.

Colorado News

DELTA: The Colorado Bank and Trust Company's application for Federal deposit insurance upon withdrawal from the Federal Reserve System and to exercise full trust powers has been approved.

DENVER: The First National Bank has announced the following appointments: John E. Blackley, account administrator, trust department; Thomas Buchanan III, Jack Haselbush and John Nicholson, correspondent bank officers; Manuel Retureta, auditing officer; and Milton Tedford, senior trust officer.

Wyoming News

The Wyoming Bankers Association 68th annual convention opens June 9 at the Jackson Lake Lodge

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in Moran. Featured speakers include: Carter H. Golembe of Carter H. Golembe Associates, Inc., Washington, D. C.; C. C. Hope, Jr., executive vice president of the First Union National Bank of North Carolina, Charlotte; former Governor Stanley A. Hathaway, and Daniel Sullivan, executive director of the Wyoming Community Development Authority. A complete report will be featured in an upcoming issue of the Northwestern Banker.

HANNA: Michael D. Hogg has been named vice president and cashier of the Bank of Wyoming. Mr. Hogg, who joined the bank May 1, had been with Wyoming Bancorporation.

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