

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

July 26, 1976

Comptroller Questions Credit Life "Abuses"

The Comptroller of the Currency has moved to curb what officials say are serious and widespread abuses in the sale of credit life insurance by national banks.

The comptroller proposed new regulations designed to prevent officers, directors and principal shareholders of national banks from personally receiving the income from such sales. The rules say this income should go to the banks themselves or to their wholly owned affiliates.

The rules cover sales, by all 4,700 national banks, of credit life, health and accident insurance.

Since last November, the comptroller's bank examiners, as a part of their routine bank inspections, have been checking to see who received the commissions and other income from these insurance policies. In a surprising number of cases, the answer has been the banks' officers, directors and controlling shareholders. In some instances, officials say, insiders have borrowed money to buy a controlling interest in a bank, then used the credit-insurance income to pay off the loan.

Officials say the abuses are found mostly in the south, the midwest and the great plains. The bank examiners found that in Texas and

Oklahoma, for example, 268 national banks diverted credit insurance income to insiders while only 183 banks retained the income. In Iowa, Missouri, Kansas and Nebraska, 208 national banks diverted such income while 155 retained it.

Officials fear that a banker with a personal interest in the insurance income might illegally coerce a loan customer into buying the insurance or might make unsafe loans to get the commission income.

The Federal Home Loan Bank Board last December adopted regulations designed to curb the same abuses at savings and loan associations. The comptroller invited comment on its proposed regulations through September 3.

CBCT Stand Harms Perkins Support for ABA Post

Angry over recent moves by large banks in Chicago to support Mayor Richard J. Daley's ordinance permitting electronic banking and loan production offices, the council of administration of the Illinois Bankers Association has withdrawn its endorsement of John H. Perkins for 1977 president-elect of the American Bankers Association.

Mr. Perkins is president of the Continental Illinois National Bank & Trust Co. of Chicago and is running for the ABA post along with William J. Copeland, vice chairman of the Pittsburgh National Bank.

Minnesota Sues To Halt St. Cloud Bank's CBCT

Minnesota Commissioner of Banks Robert A. Mampel has filed suit in Federal court in St. Paul against the Zapp National Bank, St. Cloud, seeking to block continued operation by the bank of an off-premise unmanned automated teller machine located in a shopping center. The suit, asking for a preliminary and permanent injunction, claims the bank is violating both Federal and state branching laws by operating the device used by customers to make deposits, withdraw cash, transfer funds between accounts and make loan payments.

Edward A. Zapp, bank president and chairman, had been warned earlier this month by Commissioner Mampel that legal action would be forthcoming if the bank failed to close its CBCT in the Crossroads Shopping Center 2.1 miles from the bank's main office. The machine had been installed about June 21.

The case has been referred to U. S. District Judge Edward J. Dezitt and a hearing on the request for a preliminary injunction is expected within a few weeks.

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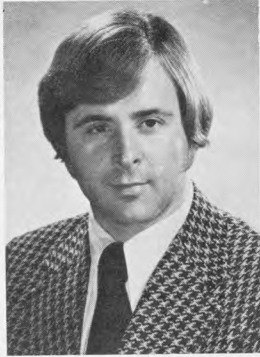
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Response To FDIC Variable Rate Deposit Idea Generally Favorable

A proposal to permit banks and thrift institutions to offer variable rate time deposits has been received favorably by three out of four persons and organizations commenting on it, according to Federal Deposit Insurance Corporation Chairman Robert Barnett.

The proposal has received 101 responses from all parts of the country. Seventy-three generally were favorable, although many of these, as well as some who generally opposed the idea, had specific recommendations for change.

As proposed, the new CD would have a \$1,000 minimum denomination and a two or three year minimum maturity. The rate would change quarterly and be based on the coupon issue equivalent of three-month Treasury bills. Thrift

institutions would have a 1/4% differential; there would be a 4 1/2% rate floor; and the same penalties for early withdrawal would apply as those applicable to other premium-rate deposits.

Iowa News

ATLANTIC: Atlantic State Bank has announced the addition of Michael J. Rowen as assistant vice president and Don Frazer as officer trainee to the bank's staff. Mr. Rowen formerly was with the FDIC in Omaha, Nebr., and Mr. Frazer is a recent graduate of Iowa State University in Ames.

COLLINS: Exchange State Bank has received consent to exercise limited trust powers.

ELDORA: Hardin County Savings Bank has announced the promotions of Marlys M. Marks and Ann J. Brown to assistant vice presidents and Darlene McCrea and Carol Drury to assistant cashiers.

LaPORTE: LaPorte City State Bank has received permission to exercise limited trust powers.

PERRY: Groundbreaking ceremonies were held recently at the future site of the new Perry State Bank.

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National Bank of Waterloo

SIOUX CENTER: The First National Bank here has announced the election of Lauren Kaemingk as a director. Mr. Kaemingk has been with the bank for three years and presently serves as assistant cashier and farm representative.

VINTON: Dick Ramsey has been named vice president of the State Bank of Vinton. He formerly was vice president, cashier and assistant trust officer at the Oelwein State Bank.

WAVERLY: The Federal Reserve System has announced its approval of the application of Cedar Investment Company here to acquire additional voting shares of State Bank of Waverly.

WEST BURLINGTON: West Burlington Savings Bank has received the approval of the FDIC to establish a branch office near the intersection of state highway 406 and Broadway Street here.

Nebraska News

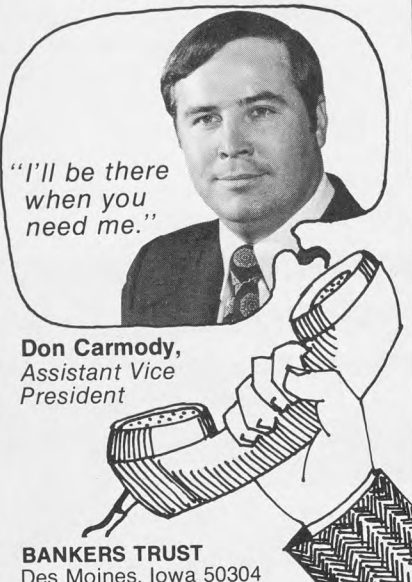
DAVENPORT: The Jennings State Bank has contracted with the Mayhew Products Company of Grand Island for the installation of an Electronic Message Center. The sign will be used exclusively for community and local group announcements, according to Douglas Jennings, president. Completion is expected by September 1.

HALLAM: Reed Carstens recently retired from the Hallam Bank as vice president and cashier, according to Wilma Stykes, president.

LINCOLN: Heavy signup by Nebraska banks as members of NETS, Inc. (Nebraska Electronic Transfer System) has taken NETS past its funding goal of \$1,300,000. A complete report and steps for future action will be discussed at a NETS board meeting in Omaha Tuesday, July 27.

The executive council of the Nebraska Bankers Association will meet in Omaha at the same time and, among other items, will make a decision related to the group meetings normally held in the fall.

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NEW ISSUE

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INVESTMENT SECURITIES

DES MOINES BUILDING

MOODY'S: "Aa"

DES MOINES, IOWA

\$1,900,000 BURLINGTON, IOWA

General Obligation Bridge Bonds

Dated: June 1, 1976

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due December 1, 1976) payable at the office of the Commissioner of Finance, City Hall, Burlington, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

MATURITIES

	<u>6.00%</u>			<u>4.90%</u>		
\$ 50,000	June 1, 1978	3.80		175,000	June 1, 1986	4.90
	<u>5.50%</u>				<u>5.00%</u>	
60,000	June 1, 1979	4.00		185,000	June 1, 1987	5.00
	<u>5.25%</u>				<u>5.20%</u>	
65,000	June 1, 1980	4.20		200,000	June 1, 1988	5.15
70,000	June 1, 1981	4.35			<u>5.30%</u>	
70,000	June 1, 1982	4.50		200,000	June 1, 1989	5.30
100,000	June 1, 1983	4.60			<u>5.40%</u>	
	<u>4.70%</u>			210,000	June 1, 1990	5.40
100,000	June 1, 1984	4.70			<u>5.50%</u>	
	<u>4.80%</u>			250,000	June 1, 1991	5.50
\$165,000	June 1, 1985	4.80				

LEGALITY TO BE APPROVED BY CHAPMAN & CUTLER, ATTORNEYS, CHICAGO, ILLINOIS

Burlington is located on the Mississippi River in eastern Iowa approximately 160 miles from Des Moines. The City serves as the county seat of Des Moines County and the trading center for much of southeastern Iowa. Retail sales in the City during the year ended June 30, 1975, were in excess of \$114,609,701. There are three banks in Burlington with total deposits of \$136,565,000. Major employers include: Silas Mason Co. (ammunition, 3,500 employees); J. I. Case (tractors, 1,350 employees); General Electric (switchgear, 600 employees); International Resistance (resisters, 500 employees); Iowa Industries (spark plugs, 400 employees); and Leopold Furniture Co. (office furniture, 300 employees). The population of Burlington according to the 1970 Census was 32,366. The City is served by U. S. highways No. 61 and 34, Iowa highways 99 and 406, the Burlington Northern Railway, the Chicago, Rock Island & Pacific Railroad, scheduled commercial airline services and an excellent network of paved county roads. Children in the community attend the fine facilities of the Burlington Community School District.

These bonds are being issued under the provisions of Chapter 384, Code of Iowa, 1975, as amended. The proceeds of this issue will be used to construct new approaches to the MacArthur Bridge owned by the City and providing access for U. S. highway No. 34 over the Mississippi River. These bonds are payable from unlimited ad valorem taxes levied on all taxable property in the City and also by the future net revenues to be derived from the operation of the MacArthur Bridge. The levies of taxes will be abated to the extent, but only to the extent that net revenues from the operation of the Bridge are legally available and actually used to pay the principal and interest on the bonds. The net revenues of the bridge for the years 1971 to 1975, inclusive, have been as follows: 1971 - \$542,204; 1972 - \$451,018; 1973 - \$650,234 and for the 18-month period ending June 30, 1975, \$673,664.

FINANCIAL STATEMENT

Actual value of taxable property, 1975	\$287,378,566
Gross direct debt, including this issue	3,278,000
Net direct debt, excluding \$1,900,000 Bridge Bonds	
Bonds to be paid from net bridge revenues	1,378,000
Total overlapping debt	2,355,798
Total net direct and overlapping debt	3,733,798
Population, 1970 Census: 32,366	
	Net direct debt per capita: \$ 42.57
	Net direct debt and overlapping debt per capita: 115.36

Tax collections have approximated 104.32% of taxes levied for the past five years.

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OMAHA: Harlan Falk, senior vice president of the Douglas County Bank, has been elected president of the Sales and Marketing Executives of the Midlands.

Illinois News

BENTON: Benton Community Bank has received consent to exercise limited trust powers.

CHICAGO: The Federal Reserve System has announced its denial of the application of Columbia Holding Corp., here to become a bank holding company through acquisition of Columbia National Bank of Chicago.

CHICAGO: David Watermiller has been elected trust officer and assistant secretary for Michigan Avenue National Bank. He joined the bank last June from Chicago City Bank and Trust Company where he served as an assistant trust officer.

Minnesota News

John A. Kvam, vice president, Northwestern National Bank of Minneapolis, has been elected president of the Minnesota chapter of Robert Morris Associates. Rolf F. Bjelland, senior vice president, National City Bank of Minneapolis, was elected vice president; and Ernest C. Pierson, group vice president, Midland National Bank, Minneapolis, was elected secretary-treasurer. Other members elected to the board are: immediate past president Laurence R. Kennedy, vice president, The First National Bank of St. Paul, and Ora G. Jones, president, Goodhue County National Bank, Red Wing.

INTERNATIONAL FALLS: Keith Sutherland has been promoted to instalment loan manager of the International State Bank.

MINNEAPOLIS: First Produce State Bank has elected John E. Raymond chairman and chief executive officer and S. E. (Andy) Udem president. Thomas C. Jackson, formerly president and managing officer, has retired. Mr. Raymond formerly was senior vice president-special administration of First Bank System. Mr. Udem was vice president of the First Northtown National Bank in Blaine.

MINNEAPOLIS: The F&M Maxibank, a detached service facility of F&M Savings Bank, at 60 South Seventh Street, will discontinue operations August 20, according to Ralph Klapperich, vice president of marketing. The service will be consolidated with those of the main office at Sixth Street and Marquette Avenue. Maxiteller, the 24-hour deposit/withdrawal machine located at Maxibank, will be moved to the main bank.

North Dakota News

BISMARCK: The State Bank of Burleigh County Trust Company has promoted Ann Pladson to assistant vice president and cashier.

MINOT: Jon L. Peterson has joined the First National Bank as personnel administrator and Bart Schempp has been appointed administrative assistant.

South Dakota News

MITCHELL: Greg Dice, formerly

of Dice Insurance, has joined the Commercial Trust & Savings Bank as an officer trainee. He is a business administration graduate of the University of South Dakota.

WATERTOWN: Ron Peters has joined the First National Bank in the commercial, instalment and student loan departments. He began his career with Avco Finance in Des Moines, Ia., and was manager there from 1972-74 when he moved to Watertown as a branch manager for GAC Finance.

Wyoming News

RAWLINS: Officials of Wyoming National Corp. of Casper have applied for a state bank charter here. The applicants are William H. Brown, Don C. Davis, Robert Miracle, Charles Tagney, all of Casper; and John C. Ostlund of Gillette.

Rawlins now has two banks. Wyoming National Corp. has banks in Casper and Gillette.

Colorado News

DENVER: United Bank of Denver has announced the appointments of the following three vice presidents: Michel G. Jocelyn, manager of the enterprise market; Harold R. Smethills, Jr., manager of the legislative, regulatory and financial control section of the funds management division, and Grant K. Strong, portfolio manager in the fund investment department.

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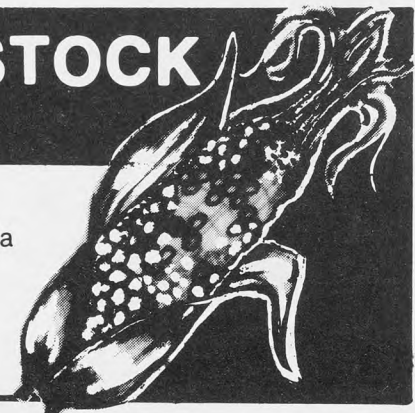
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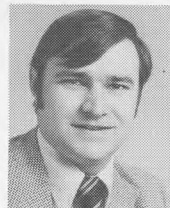
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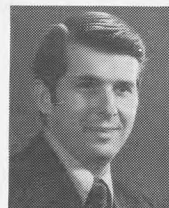


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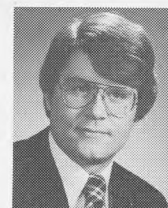
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 - #3096—COMMERCIAL LOAN—Early 30s, single, BA & MA degree (economics). Credit authority to \$100M; also some experience in real estate loans and investments. High potential. Curr. employed... \$22,000
 - #3061—COMMERCIAL LOAN—Mid 30s, married, BA & MA degree. Currently employed with same bank organization 8 yrs. Large and small bank experience. AIB instructor... \$30,000
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