

Question National Bank Examination Fees

Are assessment fees for national bank examinations fair to smaller banks under the Comptroller's 1976 assessment schedule?

The board of directors and the attorneys for The First National Bank of Milaca, Minnesota, do not think the fees are equitable. They have chosen to appeal their case to the Circuit Court of Appeals in St. Louis, and they have asked the smaller national unit banks in the Upper Midwest to help them by contributing \$100 each.

Burton "Pete" Allen, president of The First National Bank of Milaca, and a past president of the Minnesota Bankers Association, says:

"Following announcement of a new proposed examination assessment schedule, the Comptroller advised that since only 61 of over 4,000 banks responded (during the busiest two weeks of the year) his office assumed general acceptance of his proposal.

"Under the new schedule, the assessments for the \$20 million First of Milaca increased 183%; for a \$1 billion bank they increased 9%. For a \$10 million bank, the new assessment is \$212.50 per million; for a \$1 billion bank it is \$51.42 per million. Separate fees for branches were dropped and, for the first time, banks were assessed on foreign assets.

"After several futile exchanges of correspondence, our bank's attorneys, Hughes, Hughes, Thoreen and Sullivan of St. Cloud filed suit



B. P. [PETE] ALLEN, JR.

in Federal District Court on June 30, 1976, alleging that the new schedule was not in compliance with 12 U.S.C. 482 and that the Comptroller had exceeded his statutory power. The case was assigned to Judge Edward J. Devitt, Minneapolis, and he ruled on May 31, 1977, in favor of the Comptroller on the basis that the new schedule is still keyed to or linked to asset size, and that for 62 years Congress took no action to correct the sliding scale which resulted from a basic fee of \$20 until 1961 and \$200 after that date. In regard to words 'in proportion to', the court 'simply refuses to decide

the issue on the basis of such semantic, if not metaphysical, distinctions.'

"First National has now decided to appeal the case to the Circuit Court, feeling that the lower court erred in being unwilling to look at the words in the law. Board members feel that Congress meant that the burden of supervision and examinations should be the same for all national banks.

"We are fearful of what can happen if we don't appeal. In his brief, the Comptroller states, 'A conscious decision was made not to require 100% relative cost coverage for all banks in one step as this would have raised the assessment fees on small banks too quickly to be comfortably accommodated. Instead a gradual approach was adopted.' Thus, if we fail, it will allow the Comptroller to adopt any assessment schedule as long as it is in some way mathematically keyed to bank asset size. Also, we must consider how much the total cost picture may be compounded by the new examination procedures regarding consumer compliance.

In its appeal for \$100 contributions from other small unit national banks, First of Milaca hopes to raise enough to help fund the court appeal. Mr. Allen says that if there is any surplus, following the litigation, it will be sent to the National Association for Economic Education.

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Iowa Judge Reverses His Credit Card Ruling

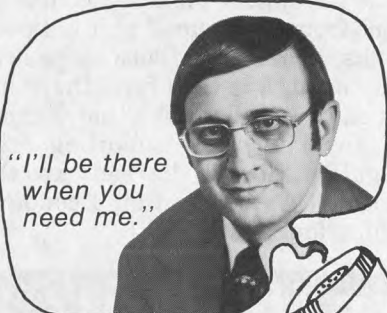
Iowa residents who have credit cards issued by out-of-state national banks can be charged higher interest rates than those allowed by Iowa law, Polk County District Judge Harry Perkins has ruled. The ruling in effect overturned a decision issued last year by Judge Perkins himself saying that the higher interest rates are illegal.

Assistant Attorney General Julian Garrett said that he might appeal to the Supreme Court of Iowa.

Iowa News

Governor Robert Ray has an-

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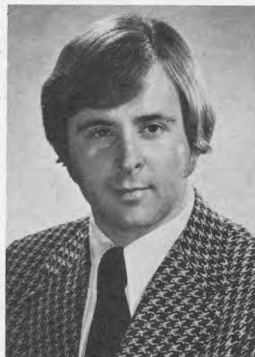


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nounced five appointments and one reappointment to the State Banking Board. All six appointees will serve four year terms ending June 30, 1981. Reappointed was Mrs. Julia F. Anderson, an associate dean of home economics at Iowa State University, Ames. Newly appointed as a consumer representative is Vincent C. Chapman of West Des Moines, an employee relations representative with the Standard Oil Company. Also appointed are: Marvin F. Chevalier, president of Citizens State Bank, Postville; C. Lyle Monahan, president, Monahan Loan Company; Betty L. Steele, vice president and secretary-treasurer of Brenton Banks, Inc., Des Moines; Charles H. Walsh, president, Farmers and Merchants Bank and Trust, Burlington.

DAVENPORT: David A. Shern was elected president and chief executive officer of First Trust and Savings Bank, effective July 1. First Trust is an affiliate of Banks of Iowa, Inc., Cedar Rapids multi-bank holding company. Mr. Shern succeeds John F. Hodson, who was named vice chairman. H. R. Bechtel is retiring from active duty but will continue with his title of chairman of the board. Mr. Shern is

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from St. Paul, Minn., where he was previously president of Mid America Bancorporation, owner of several Twin Cities banks.

EVANSDALE: Wayne F. Smith, president of the First National Bank, was killed July 11 when his light plane crashed in remote bush country in northeast British Columbia. Also killed were the other three passengers in the plane, including Wayne Smith's wife, and his brother and sister-in-law, Mr. and Mrs. Raymond Smith of Ellenburg, Wash. Mr. Smith also owned banks in Sloan and Palo, Ia., and Wells, Minn. Their plane was one of eight Flying Farmer planes heading for White Horse in the Alaska Yukon. Another plane also crashed a mile away in the same fog, killing all four Iowans on that craft.

Nebraska News

ASHLAND: The Nebraska Department of Banking has announced that the application for a charter for the Ashland State Bank, a new bank, has been approved. The applicants were headed by Lee H. Sapp of Omaha, president.

BRULE: Philip Jossi has joined the Bank of Brule as assistant cashier. He formerly was with the Farmers and Merchants Bank at Edison.

FREMONT: The Board of Governors of the Federal Reserve System has announced its denial of the application of NBC Co., Lincoln, to acquire Fremont State Company here.

GOTHENBURG: First State Bank has filed an application for a

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BISMARCK, NORTH DAKOTA

S & P: "AA"

General Obligation Airport Revenue Bonds

Dated: August 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (February 1 and August 1, first coupon due February 1, 1978) payable at the Northwestern National Bank, Minneapolis, Minnesota.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES.

MATURITIES

<u>4.50%</u>		<u>4.70%</u>	
\$50,000 August 1, 1978	3.10	\$75,000 August 1, 1988*	4.70
50,000 August 1, 1979	3.40	<u>4.80%</u>	
50,000 August 1, 1980	3.65	75,000 August 1, 1989*	4.80
50,000 August 1, 1981	3.85	<u>4.90%</u>	
50,000 August 1, 1982	4.00	75,000 August 1, 1990*	4.90
50,000 August 1, 1983	4.15	<u>5.00%</u>	
50,000 August 1, 1984	4.30	75,000 August 1, 1991*	5.00
50,000 August 1, 1985	4.40	<u>5.10%</u>	
50,000 August 1, 1986	4.50	75,000 August 1, 1992*	5.10
<u>4.60%</u>		<u>5.20%</u>	
75,000 August 1, 1987	4.60	75,000 August 1, 1993*	5.20

*Optional in inverse order beginning August 1, 1987 at 100%.

LEGALITY TO BE APPROVED BY DORSEY, WINDHORST, HANNAFORD, WHITNEY & HALLADAY, ATTORNEYS, MINNEAPOLIS, MINNESOTA.

Bismarck serves a large trade area stretching into parts of three states and Canada. The estimated retail trade population is over 150,000. Several large shopping center projects have been built in recent years. One is the Kirkwood Shopping Center which has 400,000 square feet of leased area and contains 40 retail and service outlets. The impact of the center continues to expand as new businesses are built—Kirkwood Plaza Bank, Kirkwood Motor Inn (\$3.5 million, 170 room convention facility) and a number of nationally known food service businesses such as Pizza Hut, Mr. Steak, etc. The City's \$14 million renewal program is nearing completion and has virtually changed the face of downtown Bismarck with new streets and pedestrian mall. Largest taxpayers in the City are: Northwestern Bell Telephone; Wachters, Inc.; Montana Dakota Utility; Diocese of Bismarck — commercial properties & St. Mary's College; Holiday Inn; Atwood (Dakota NW Bank Building); Liechty, Inc. (mobile home courts & apt. complexes); Basin Electric; Kavaney, Strand, Wagner (real estate holdings); Boutrous (K-Mart Shopping Complex); Park West Gardens (apt. complex) and Webb Realty. Banking services are provided by four commercial banks and loan associations, with combined deposits of \$575,525,000. Bismarck is located on Interstate highway No. 94 (east-west) and north-south U. S. No. 83. Airlines serving Bismarck are Northwest, North Central and Frontier, connecting with flights in the major centers of Minneapolis-St. Paul, Denver and Winnipeg.

These bonds are being issued under the authority of Title II, Chapter 6 of the North Dakota Century Code, as amended. Proceeds from this issue will be used to pay the City's share of the cost of the acquisition of additional land for runway expansion. The airport revenue bonds will be payable primarily from the operating revenues of the airport, including a four mill tax levy for airport purposes. In the opinion of counsel, these bonds are also legal and binding general obligations of Bismarck, North Dakota, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on these bonds should the revenues of the airport prove insufficient.

FINANCIAL STATEMENT

Estimated market valuation, 1977	\$467,359,000
Assessed valuation	74,777,490
Direct debt, including this issue	26,525,000
Net direct debt, excluding self-supporting	1,919,000
Total net direct and overlapping debt	6,150,700
Population, 1977 estimate: 41,000	
	Direct debt per capita: \$646.95
	Net direct debt per capita: 46.80
	Total debt per capita: 150.02

Tax collections have approximated 99.8% of taxes levied for the past four years.

We own and offer subject to prior sale and change in price and subject to our attorney's approving opinion.

The information contained in this circular is not guaranteed, but is derived from sources we deem reliable and is that on which our purchase of these bonds was based. Offered subject to prior sale and change in price.

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detached auxiliary teller office at 605 10th St. here. A hearing will be held August 30 at 9:30 a.m. in the State Bank and Finance Dept., 301 Centennial Mall South, Lincoln.

OMAHA: The Board of Governors of the Federal Reserve System has announced its approval of the applications by Preferred Management Company here to become a bank holding company through the acquisition of additional shares of North Side Bank and to continue to engage in the sale of credit-related insurance.

Minnesota News

DETROIT LAKES: Detroit State Bank has announced the following promotions: Virginia Chadbourne to cashier; LaVerne Olson, vice president in charge of marketing and customer relations; Mary Bekkerus, auditor; Evonne Stone, teller supervisor, and Betty Anderson, accounting supervisor.

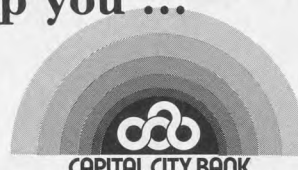
ELK RIVER: The First National Bank of Elk River will observe its 75th anniversary with an open house on July 22. Features will include gifts for everyone, drawings for prizes and refreshments, according to Dick Gongoll, vice president.

MINNEAPOLIS: John Thomson, who has served with Vice President Jerry Just in the correspondent department of Northwestern National Bank of Sioux City, Ia., has resigned to join Northwestern National Bank of Minneapolis. He will work in the correspondent department traveling southwestern

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Illinois News

CHICAGO: Roland C. (Rinso) White, 73, retired investment officer at Harris Trust & Savings Bank, died of a heart attack July 9. Mr. White was well-known to bankers throughout Iowa and Illinois in his investment work with correspondent banks. The family suggests contributions to the Illinois State DAR Tamasee Mountain School Fund, c/o Mrs. Harold B. Ewoldt, state treasurer, 5622 N. Fountaindale Drive, Peoria, Ill. 61614. Mr. White is survived by his wife, Nell, and daughter, Betsy, and one stepson, Nick. Mrs. White resides at 9356 So. Damen Ave., Chicago, Ill. 60620.

CHICAGO: Lewis C. Hanson, Jr., 51, former correspondent bank officer at LaSalle National Bank and Exchange National Bank, died recently of a heart attack in Cocoa Beach, Fla.

CHICAGO: Paul D. Olson has been advanced to senior vice president at Central National Bank. He is suc-

ceeded as group manager of the correspondent department by Gary F. Spahn, vice president.

CHICAGO: Wayne Hummer & Company investment firm is moving next month to the 17th floor of the Insurance Exchange Bldg., 175 West Jackson Blvd., after occupying offices for 45 years at 105 West Adams St.

Heimann Confirmed by Senate as Comptroller

The Senate has confirmed President Carter's nomination of John G. Heimann to be Comptroller of the Currency. Mr. Heimann will begin serving the five year term after he is sworn in. He served as New York superintendent of banks for 17 months, and since November has been commissioner of the New York State Division of Housing and Community Renewal.

Montana News

BILLINGS: First Northwestern National Bank has announced the following staff changes: Paul D. Borisevich, assistant vice president in charge of dealer loans; Donald T. Michie, controller, and Elizabeth S.

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Neils, senior credit analyst.

North Dakota News

FARGO: First National Bank has announced the following appointments: J. Bruce Jacobson, senior vice president; Gregg Sorensen, instalment loan officer; and Pat Nicholson and Dan Langemo, assistant trust officers.

South Dakota News

SIOUX FALLS: Western Bank has announced the elections of Thomas F. Gardner as data systems officer and Steven C. Sanders as assistant operations officer.

WINNER: The Board of Governors of the Federal Reserve System has announced approval of the application of Winner Bancshares, Inc., to become a bank holding company by acquiring Farmers State Bank here.

YANKTON: American State Bank has announced the following promotions: Robert R. Rupiper and Ronald E. Johnson to assistant vice presidents, and Jacqueline Wiedenfeld to assistant cashier.

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AGRI-LOAN—Vice Pres. for \$18MM Minn. bank with strong ag background. PCA or farm credit experience acceptable. Opp. to be part of top mgmt. \$18,000
INSTAL. LOAN—2-3 yrs. bank experience required for #3 spot in dept. Progressive suburban midwestern bank \$15,000

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