

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

September 12, 1977

Harris Denies Treasury on Discrimination

The United States Treasury Department filed action against Harris Trust and Savings Bank of Chicago August 24 for alleged discrimination against women employees. News of the action was released to the press two days before Treasury served notice on the bank, with resulting nationwide adverse publicity to Harris without an opportunity to be heard in the daily media. The action gives Harris officials 30 days to show cause why the bank should not be disallowed from holding millions of dollars in federal tax deposits, other federal monies, or acting as an agent for U.S. Savings Bonds.

The action also was filed just two weeks prior to a meeting Treasury had scheduled with Harris officials for September 7 to discuss the matter, a bank official stated.

The government investigation reportedly was precipitated by a 1974 complaint from Women Employed (WE), an organization of Chicago working women, which alleged discrimination against women and minority employees for amounts in millions of dollars of back pay.

William J. Beckhams, Jr., assistant secretary for administration at the Treasury, said "This step reflects the determination of

the Treasury Department to take vigorous action to assure equal opportunity and the elimination of discrimination in the nation's banks." The Treasury show-cause notice also claimed Harris Bank "dragged their feet" and repeatedly failed to provide an adequate response to the investigation.

These charges were immediately denied by John L. Stephens, senior vice president of Harris Bank, who released the following statement August 26, when the bank received its official notice, two full days after Treasury released notice of its action in Washington to the national press:

"It is important to note that the show cause notice was formally issued on Wednesday — we just received it at noon today. The troublesome part of the delay is that Washington has told their version of our review and we have been unable to respond because we did not have the notice.

"Now — this entire affair developed out of the normal compliance review process which all federal contractors must undergo. There is no special probe initiated outside of normal channels.

"Concerning the affected class analysis — the bank furnished Treasury on October 30, 1975,

employment statistics as requested by government so they could conduct an affected class analysis. We gave them copies of our computer tapes so they could more easily analyze the data. We were told we would receive their findings in six weeks. In fact, we received government's initial findings regarding an alleged affected class of women on May 11, 1977 — 18 months later.

"Since then we have made two further data submissions as requested — the most recent being last Monday (August 24) when we gave them a substantial statistical presentation including a description of the methodology behind our work. The first meeting scheduled by government to discuss the affected class issue is September 7, 1977.

"Our work does not substantiate their claim of an affected class and we are shocked that a show cause was issued prior to our scheduled meeting on September 7.

"Regarding the other issues which were raised in the May 11 meeting — the bank & Treasury have met four times. Additionally, the bank has made seven substantive submissions of data concerning these issues. In fact, we were meeting on Wednesday the very

HARRIS BANK.....
[Turn to back page, please]

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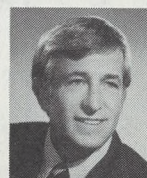
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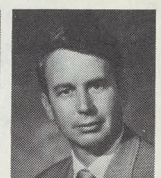
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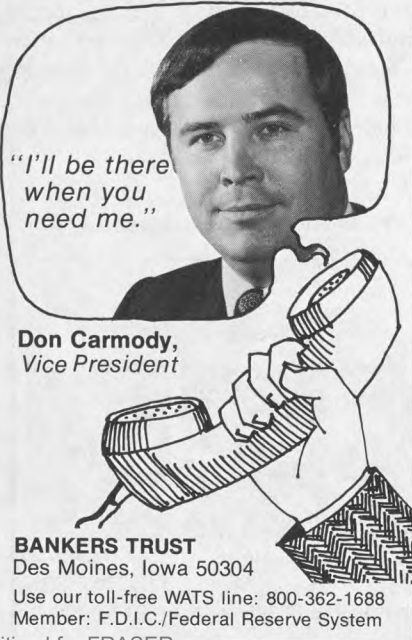
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FDIC Backs NOW Accounts

The FDIC announced on September 7 its support for legalization of nationwide checking accounts. FDIC Chairman George A. LeMaistre said his agency supports NOWs as "a logical, wholly desirable step in the direction of increasing the over-all efficiency of the banking system," stating that this "provides depositors with a wider range of options from which to choose." He said it should not be assumed that banks would set charges at a level that would offset the interest paid and he takes issue

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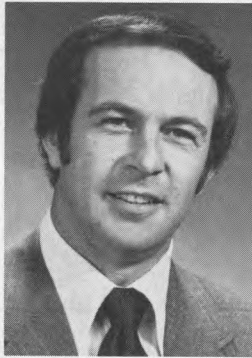


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with the contention that the small depositor would be the loser on NOW accounts.

Iowa News

The SBA's disaster branch office for processing drought disaster loan applications opened September 8 in Room 839, Federal Bldg., 210 Walnut, Des Moines 50309 (515/284-4024). Leo Navin, disaster branch manager, said he had received 1,000 inquiries prior to the official opening day of the office. SBA Administrator A. Vernon Weaver has declared 51 Iowa counties and their adjacent 17 counties a disaster area due to drought conditions.

DES MOINES: Kenneth M. Myers, president and chief executive officer of Central National Bancshares, Inc., Des Moines, and Earl Nelson, president of Associated Bank Corporation, have announced agreement in principle for purchase of ABC by Central. The Des Moines-based Central holding company, with assets of approximately \$465 million, has offered \$2.45 per share for the outstanding 7,339,339 shares of ABC. If all shares were purchased the total sale would be \$17,981,380. ABC holds

six Iowa banks with total assets of approximately \$133,000,000, and 1976 year-end capital, surplus and undivided profits of \$8,906,000. The six banks are: Community State, Clear Lake; Cresco National; Iowa Trust & Savings, Estherville; Kalona Savings; Iowa County Savings, Marengo, and First Trust & Union Savings, Sigourney. Central National Bancshares presently owns four banks. The offer requires tendering of at least 80% of ABC shares, plus approval of appropriate regulatory authorities. Discussions for a possible merger of ABC with Northwest Bancorporation of Minneapolis were initiated in September, 1975, but terminated a few weeks later.

LeCLAIRE: Bank Administration Institute (BAI) will hold its first meeting of the 1977-78 season at the Lone Star Inn here on September 15. Social hour begins at 6 p.m. followed by dinner and meeting at 7. Tom Ecker, coordinator of athletics, Cedar Rapids, will speak on "Employee Motivation."

LEON: Decatur County State

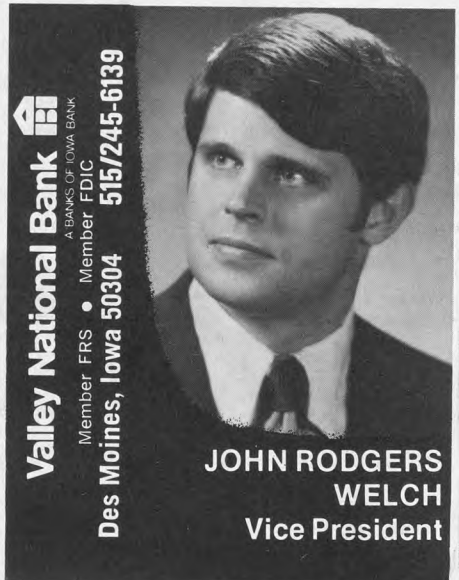
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Contributions are limited to \$1500.00 or 15% of your compensation, whichever is less. Contributions must be in cash.

Can my wife or husband have an IRA?

Yes, if either of you have earned income and are not covered by a qualified plan.

What about my non-working spouse?

If your income is \$11,666 or more, and your spouse is not employed, you may put 15% of that amount or a total of \$1,750 into an IRA for yourself and your spouse. This must be split equally — \$875 for each spouse.

How is my IRA invested?

Your bank will invest the funds in Federally insured savings or certificates of deposit for long term growth.

Do I save on taxes?

Yes. Your contributions are fully deductible from Federal and State income taxes.

What about the earnings on my IRA?

They accumulate, tax-deferred, until you elect to start your retirement.

When can I retire?

The law states that you may begin at age 59½ or you can wait until 70½, when you must begin taking out your retirement account.

What options are available in taking out my funds?

You have several options: lump sum, monthly payments, joint monthly payments with your spouse or over a certain number of years.

When I retire what are my tax consequences?

The income from your IRA will be taxed at ordinary income tax rates. However, if you qualify under today's tax rules you may elect to average your income, which may reduce the amount of tax due.

Most people will benefit on taxes because of less income upon retirement and double exemptions after reaching age 65.

When do I have to make my contribution to the IRA?

The law now allows you up to February 14th of the following year to make your contribution.

What happens if I die?

All funds in your IRA will be paid to your beneficiaries.

If I am covered by Social Security can I still have an IRA?

Yes. Social Security is not considered a qualified plan, so you may also have an IRA for additional retirement income.

If I have to withdraw part of my IRA before I reach age 59½, what happens?

The withdrawal becomes ordinary income to you and a 100% penalty tax is assessed against the amount you withdraw. (There is no penalty on withdrawal because of disability.)

Is there a penalty for excess contributions?

Yes, a 6% tax on the excess unless you withdraw before filing your tax return for that year. It may, however, be credited to your next year's contribution.

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- Code:
 a) Financing Statement (New Filing)
 b) Partial Release
 c) Amendment
 d) Assignment
 e) Continuation



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Page _____

Transcript Dates: _____ thru _____

County _____

Inst. No. Date Filed Hour Filed	Debtor(s) Name and Address(es) Name(s) of Party(ies) Signing	Secured Party(ies) and Address(es) Assignee (if any) and Address
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LOAN ACTIVITY BULLETIN

Who: names of all debtors in the county recorded during the period

What: name of secured party

When: the date the loan was filed with the Secretary of State

Where: location where loan made

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Bank has announced the promotions of Ward Kilgore to president and Keith Williams to executive vice president. Gene Russell has joined the staff as assistant cashier and loan officer.

PANORA: Steve Norden has joined the Panora State Bank as executive vice president. He has been an officer of the Anita State Bank and also has been with the Bank of Peru in Peru, Nebr. John Lanning will continue as vice president and cashier in charge of the bank's operations. Bruce Barks, president, said he plans to devote more time to other interests with Mr. Norden taking more responsibility for the day-to-day management of the bank.

Nebraska News

LA VISTA: South Side Bank has received permission to move from 7201 South 84th Street to 8302 Park View Boulevard.

OMAHA: Dennis R. Wood has joined Packers National Bank as president. He formerly was president of Second National Bank of Eldora, Ia., and is a former correspondent officer of The Omaha National Bank.

Minnesota News

The 1977 Minnesota Bankers Association District Meetings will be held at seven locations from September 13-22. Each meeting begins at 3:30 p.m. and will feature a fast-moving afternoon program on important banking developments, district business, cash bar reception, dinner and concluding talk by an outstanding humorist-philosopher.

Sept. 13, District 7, Sunwood Hotel, Morris

Sept. 14, District 8, Kohler, Hibbing

Sept. 15, District 9, Best Western, Thief River Falls

Sept. 19, District 1, Kohler, Rochester

Sept. 20, District 2, Orchid Inn, Sleepy Eye

Sept. 21, District 3,4,5, L'hotel Sofitel, Minneapolis

Sept. 22, District 6, Holiday Inn, St. Cloud

BIG LAKE: Harlie J. Privette has been appointed vice president and chief lending officer of Citizens State Bank. Mr. Privette has been vice president of the Blaine State Bank for the past five years, and prior to that was with the Columbia Heights State Bank.

Illinois News

CHICAGO: A permit to organize has been issued to the Broadway Bank, 5960 North Broadway Avenue here. The state bank's total capitalization of \$2 million will consist of \$800,000 in both capital and surplus and \$400,000 in reserve. The 80,000 shares of stock will have a par value of \$10 each. Organizers are: Albert Bertalmio, Elmhurst; Alexander Constantaras, Lincolnwood; Frank Taldone, Elmwood Park, and Alexis Gianoulas and Sherwin E. Pakin, Chicago.

North Dakota News

GRANDIN: Northwestern State Bank of Hillsboro has received consent to open and operate a paying and receiving station here.

HORACE: West Fargo State Bank has received consent to open and



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Colorado News

LAKEWOOD: Jefferson Bank and Trust has announced the promotions of Doyle Souser, commercial loan officer, and Glenda Tracy, loan operations officer, to assistant vice presidents.

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HARRIS BANK.....
[Continued from page 1]

same day the show cause notice was issued and we have another meeting set up for September 1.

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"To give you an idea of our commitment to equal opportunities for all our employees — as reported in our EEO-1 reports, women officials and managers increased 73 percent since 1974 and currently make up almost 20 percent of all our officials and managers.

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