

NORTHWESTERN Banker Newsletter

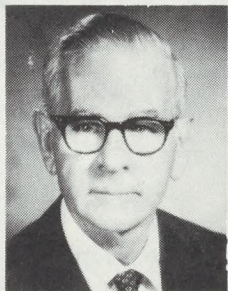
Vol. 6 No. 31

Des Moines, Iowa

November 28, 1977

ABA's Battle Plan: "Operation Unravel"

The president of the American Bankers Association, A. A. Milligan, announced on November 14 that banks are declaring war on regulations, rules and restrictions that cost bank customers and banks hundreds of millions of dollars a year but serve no useful purpose.



A. A. MILLIGAN

Speaking in Kansas City at the opening of the National Agricultural Credit Conference sponsored by the ABA, Mr. Milligan said a battle plan already has begun to be implemented by the association.

"It's Operation Unravel," he reported. "We want to roll back—or at least modify—those laws and restrictions that impose regulatory burdens on banks and customers without really benefiting anyone... and...we want to make sure that we aren't weighed down with a whole new set of idiotic rules and regulations."

Mr. Milligan, who is also president of the Bank of A. Levy, Oxnard, Cal., explained that ABA already has identified 44 laws, regulations and procedures as being

particularly costly or onerous to banking, with five singled out for the ABA's initial focus. As each of these is remedied, it will be replaced on the top five by the next target.

"Start with the Truth in Lending Act," the ABA president said, "a classic example of federal regulation run rampant." What started as a 12-page act, resulted in a 96-page Fed regulation that has produced 1,200 interpretations, he explained.

ABA is working to "see Truth in Lending get back to its original purpose — to provide borrowers with meaningful information they can use in shopping around for credit." The association is also working to remove agricultural loans from the law, Mr. Milligan said, because these loans are basic business loans and not consumer loans.

ABA's second focus point is a provision of the Tax Reform Act of 1976 which determines capital gains taxes paid by heirs who sell inherited property. Mr. Milligan called this provision "an administrative nightmare" that significantly increases the heirs' taxes in most cases.

The third target of ABA's Operation Unravel is the farm valuation provision of the Tax Reform Act which covers the sale of

farm property by heirs. Mr. Milligan called this "impossibly complicated."

"The cumbersome reporting and compliance requirements under the Employment Retirement Income Security Act (ERISA), is the fourth ABA target.

"The law was supposed to improve the quality of pension plan management. It hasn't," Mr. Milligan declared. "Thirty per cent of the country's private pension plans have closed down because of this law."

While the ABA president acknowledged that progress has already been made to simplify ERISA, "the procedures and reporting requirements are still too complex and require further refinement."

Mr. Milligan identified ABA's fifth target as the "remaining complexities of regulations issued under the Real Estate Settlement Procedures Act (RESPA).

"Instead of improving disclosure, this paperwork serves only to lengthen and complicate the final closing of real estate transactions," he said. "ABA will urge further simplification and reduction of paperwork."

The ABA president closed his remarks by calling on all bankers to get involved in making Congress, regulators and the public aware of the costs of overregulation.

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Iowa News

DONAHUE: Walter Paustian, 74, former chairman for many years of Donahue Savings Bank, was sentenced November 21 to 18 months imprisonment for embezzlement from the bank. His sentence starts two days after Christmas in a minimum security institution and he will then be on three years probation. U. S. District Judge William Stuart of Des Moines also ordered him to repay \$53,000 of the amount he admitted embezzling from the bank. Examiners have placed the total loss in the bank at \$900,000 over the past 13 years and Mr. Paustian was charged with three counts of making \$81,221 in false bank book entries. Mr. Paustian's personal assets were listed at between \$50,000 and \$60,000 excluding his house in Bettendorf. No accounting was made at the hearing for the other \$850,000 reportedly lost. The bank was closed August 20 by the Iowa Department of Banking. Davenport Bank and Trust subsequently purchased certain assets and is

operating in Donahue now with an office there.

FONDA: Norton Obrecht has joined the First National Bank as vice president with principal duties in agricultural loans. He previously was president and trust officer of the Holstein State Bank.

HAMPTON: First National Bank has announced the promotion of William D. Tufford to vice president and the appointment of Ronald (Terry) Bayse to assistant vice president. Mr. Tufford joined the bank in 1973 and previously served as assistant vice president. Mr. Bayse has been with the North Central Farm Service, Inc., as credit director.

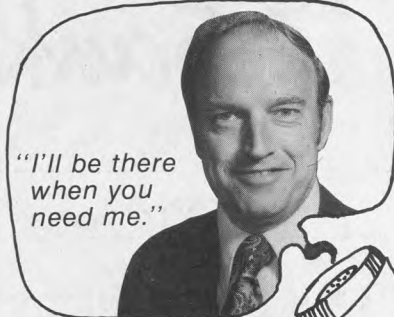
SUMNER: The First National Bank has a new area code and phone number as follows: 319-578-3312.

SOLON: Mary A. Hanzelka recently was promoted from assistant cashier and auditor to assistant vice president of the Solon State Bank.

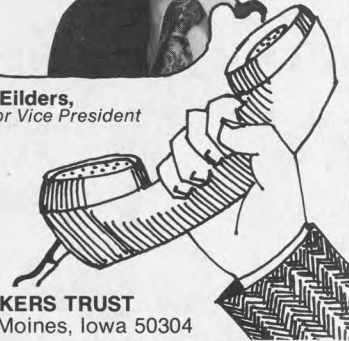
Nebraska News

The Nebraska Bankers Association will hold 1977 Year-End Conferences on Wednesday, Dec. 14, at the Holiday Inn, Kearney, and Thursday, Dec. 15, at the Radisson-Cornhusker, Lincoln.

Call your roving correspondent at Bankers Trust



Ben Eilders,
Senior Vice President



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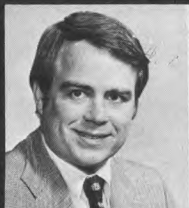
Use our toll-free WATS line: 800-362-1688
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Registration will begin at noon and adjournment will be at 5:30 p.m. Topics of discussion will include: "Review of Individual Retirement Accounts and a Look at Rollovers," "IRA Legislative and Regulatory Status Report," "Operational Considerations of IRAs," "Overview of Banking Legislation in Lincoln and Washington," and the "Impact of the Food and Agriculture Act of 1977 on Nebraska Banking."

The Nebraska Bankers Association will be holding Teller Symposiums December 6 in Scottsbluff, December 7 in North Platte, and December 8 in Kearney.

GRAND ISLAND: Roger N. Bailey, vice president and director of marketing of the First National Bank, has been elected director and treasurer of United Bank Services Company. The company is owned by 26 central Nebraska bankers and

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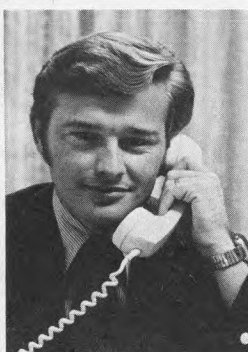


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NEW ISSUE

MOODY'S: "Aa"

\$900,000

ARAPAHOE COUNTY, COLORADO

General Obligation Refunding Bonds, Series 1978
(Part of an issue of \$1,385,000)

Dated: January 1, 1978

Denomination: \$5,000

Both principal and semiannual interest (April 1 and October 1, first coupon due April 1, 1978) payable at the office of the Arapahoe County Treasurer, Littleton, Colorado.

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

MATURITIES

<u>4.85%</u>		<u>4.85%</u>			
\$115,000	October 1, 1983*	4.30	\$135,000	October 1, 1986*	4.55
120,000	October 1, 1984*	4.40	140,000	October 1, 1987*	4.60
125,000	October 1, 1985*	4.50	145,000	October 1, 1988*	4.65
			120,000	October 1, 1989*	4.70

*Optional in inverse order beginning October 1, 1982 at 100.5%.

LEGALITY TO BE APPROVED BY WILLSON AND LAMM, ATTORNEYS, DENVER, COLORADO.

Arapahoe County is located in central Colorado immediately south and east of Denver. Included within the County's boundaries are the cities of Littleton (the Arapahoe County Seat), Englewood and many smaller communities. Major employers located in the County include: Eastman Kodak, Honeywell, Hewlett-Packard, Texaco, Control Data, Diner's Club and the United Airlines National Reservations Center. Johns-Manville Corporation has its international headquarters in the County. Transportation is furnished by several major thoroughfares which extend into the area running north and south of Denver.

The proceeds of this issue will be used to refund an outstanding issue of Arapahoe County General Obligation Jail Bonds dated July 1, 1977. In the opinion of counsel, these bonds are legal and binding general obligations of Arapahoe County, Colorado, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

FINANCIAL STATEMENT

Actual value of taxable property	\$3,592,780,050
Assessed valuation	970,050,739
Direct debt, including this issue	1,545,000
Total direct and overlapping debt	150,546,264
Population, 1977 estimate: 252,500	
	Direct debt per capita: \$ 6.12
	Total debt per capita: 596.22

Tax collections have approximated 99.7% of taxes levied for the past six years.

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HEMINGFORD: Eugene Coplen has been promoted from cashier to vice president, cashier and managing officer of the Bank of Hemingford. He succeeds Mike McEvoy who resigned to take a position with a Palisales, Colo., bank.

PLATTSMOUTH: Plattsouth State Bank recently increased its surplus account from \$300,000 to \$600,000. Its capital account now stands at \$2,500,000.

Illinois News

The first Association for Modern Banking in Illinois (AMBI) Executive Development Institute will be held in conjunction with the University of Illinois Executive Development Center in Champaign November 27- December 2 at the Illini Union. The program will center on refining the basic decision making and human relations skills of the participants.

CHICAGO: Sears Bank and Trust Company has announced that Marc R. Kromelow, senior vice president, has been elected secretary and general counsel. Promotions announced include: Gary Snieski, trust administration, and Daryl Waszak, trust investments, to assistant vice presidents, and Michael McAndrew to trust business development officer.

FOREST PARK: A permit to organize has been issued to the First Security Bank at 7301 West

Madison Street. The state bank's total capitalization of \$1,500,000 will consist of \$600,000 in both capital and surplus and \$300,000 in reserve. The 120,000 shares of stock will have a par value of \$5 each. Organizers are: Claude W. Youker, Jr., Wheaton; George A. Gregg, River Forest; Edward D. Hendrickson, Oakbrook; Thomas O. Myers, Jr., Elmhurst; John Jay Gerber and Vernon S. Hoesch, Naperville.

OAK PARK: Frank J. Roth has been promoted from assistant trust officer to trust officer of Avenue Bank & Trust Company.

PEORIA: Commercial National Bank has announced the elections of Michol R. Pula to trust administrator and Kathy J. Vergon to personnel officer.

Minnesota News

BLOOMINGTON: Community State Bank has announced the following four promotions: Tim Doherty and Elaine Carlson, from assistant cashiers to assistant vice presidents, and James C. Friend and Rosemary K. Behrendt to assistant cashiers.

EDEN PRAIRIE: Joseph M. Seitz has been named vice president of the Suburban National Bank. Cheryl M. Carlson has been named assistant cashier and manager of the Prairie Village Mall Office soon to be opened, and Connie M. Zimmerman has been named assistant cashier.

South Dakota News

ARTESIAN: James R. Myers has

been named vice president of the Live Stock State Bank. He has been with SIC Credit Company of Mitchell since 1969.

MADISON: Robert O. Thoen has been elected instalment loan manager of the Madison Branch of the National Bank of South Dakota. He succeeds Gene Odenbrett who will continue as an assistant vice president in commercial lending. Mr. Thoen previously was assistant cashier at the Sioux Falls South Branch.

PIERRE: Larry T. Wilson has joined The American State Bank, which recently opened for business, as vice president, and Anne M. Gormley as cashier. Mr. Wilson has five years of banking experience in Webster. Ms. Gormley previously was a loan officer at the South Branch of the National Bank of South Dakota in Sioux Falls.

Colorado News

DENVER: United Bank of Denver has announced the appointments of Dennis R. Lye, Oliver W. Hickel III and H. David Lansdowne to assistant vice presidents.

ENGLEWOOD: The Board of Governors of the Federal Reserve System has announced its denial of the application of Republic Bancorporation, Inc., here to become a bank holding company by acquiring Republic National Bank of Englewood.

North Dakota News

CENTER: Applications for charters by two groups seeking to establish banks here have been

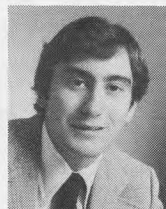
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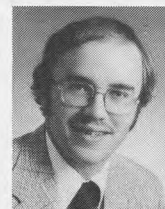


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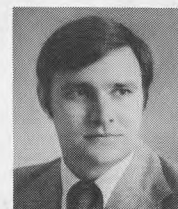
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Thomas L. Steffens
Asst. Vice President
234-2462

denied. LeRoy Gilbertson, banking commissioner, said the board denied a charter for the State Bank of Oliver County, sought by a group of stockholders of the Security State Bank, New Salem, which operates a paying and receiving station in Center. An application for a charter for the Bank of Center was denied by the board last month.

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"IT TAKES A BANKER TO KNOW ONE"

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