

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

December 26, 1977

Independents File Credit Life Court Suit

Court action now faces the Comptroller of the Currency in regard to the agency's new regulation which prohibits national bank officials from retaining credit life insurance premiums earned in connection with a loan made by their banks. Effective date of the regulation is set for January 1, 1978.

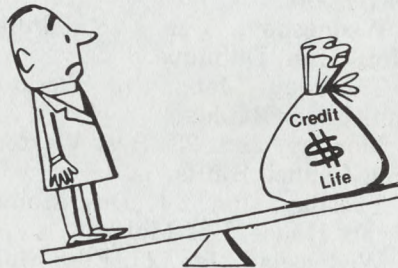
The Independent Bankers of America filed the court action against the Comptroller on December 23 in U.S. District Court in Washington, D.C., asking that the regulation be nullified and that a temporary restraining order be issued.

The court action follows a petition issued by IBAA on November 23, stating that the regulation has a greater effect on smaller, rural, and primarily agricultural banks than on large city banks and "imposes severe limitations and restrictions on these operations and adversely affects the viability of independent banking."

The IBAA called the Comptroller's regulation an "anticompetitive action" and argued that it should be opened up for reconsideration because it was enacted in "a legally impermissible manner."

Specifically, the IBAA petition

argued that the Comptroller based his final regulation on the theory that benefits from life insurance sales should not accrue to insiders



and that such a process would lead to illegal tie-ins. This theory, the association asserted, was different from that of the original proposal, namely that all proceeds of sales on bank premises should accrue to the bank itself and not be diverted.

"The failure of the Comptroller to disclose the theory on which the regulation is now premised is fatal to the rulemaking proceedings for the reason that interested persons have been precluded from making fully informed responses to the proposal to be implemented," the petition said.

In addition, the IBAA said the Comptroller did not solicit com-

ments on a staff analysis which provided a basis for the final regulation.

Also, the IBAA said the Comptroller was "arbitrary and capricious" for failing to consider less restrictive alternatives to the across-the-board prohibition which it imposed.

National banks subject to the Comptroller's ruling will be put at a competitive disadvantage because state banks aren't subject to the same restriction, the IBAA argued. Furthermore, the association said, existing antitrust laws are adequate to guard against illegal tie-ins.

Many bankers feel that if the Comptroller is allowed to enforce the credit life regulation, restrictions will be placed on other forms of insurance written by bank agencies. It is likely, too, that the Federal Deposit Insurance Corporation might issue similar regulations.

To protect their best interests, bankers now writing credit life insurance should ask the board of directors to adopt a resolution approving the practice. Full disclosure and reimbursement to the board should also be considered, according to numerous legal authorities.

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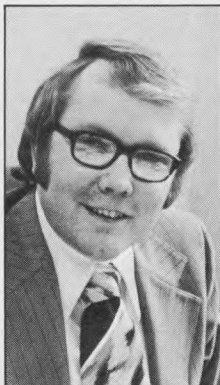
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Iowa News

The Iowa Bankers Association is offering an entertaining and motivational seminar for all bank staff personnel focusing on the behavioral similarities of valued depositors with robbers, check swindlers and con artists. This program will demonstrate that friendly and enthusiastic service to all bank customers is the foundation of an effective security program to deter either violent or non-violent crimes while increasing the efficiency of the profitable operations of the bank. The program includes, but is not limited to: customer relations and service, check swindles vs robberies, robberies and a common sense understanding, and new accounts.

Jerry Kenna, president, Federated Services, Inc., Hialeah, Fla., will be the speaker. He is a nationally known security consultant, author and lecturer on

matters of corporate, financial and executive protection.

The program format includes registration and social hour from 5:30-6 p.m., dinner at 6, program at 7 and adjournment at 9.

Dates and locations are:

Monday, Jan. 16, Holiday Inn, Burlington.

Tuesday, Jan. 17, Holiday Inn, Davenport.

Wednesday, Jan. 18, Julien Motor Inn, Dubuque.

Thursday, Jan. 19, Sheraton Inn, Cedar Rapids.

Monday, Jan. 23, Best Western Inn, Council Bluffs.

Tuesday, Jan. 24, Des Moines Hyatt House, Des Moines.

Wednesday, Jan. 25, Elks Club, Ottumwa.

Thursday, Jan. 26, Conway Civic Center, Waterloo.

Monday, Feb. 6, Holiday Lodge, Clear Lake.

Tuesday, Feb. 7, Iowa Lakes Community College, Emmetsburg.

Wednesday, Feb. 8, Hilton Inn, Sioux City.

Thursday, Feb. 9, Starlite Village Motel, Fort Dodge.

ALDEN: Carl W. Dencklaw has been appointed to the board of the Alden State Bank. He is executive vice president of the bank and will fill the unexpired term of the late Elmer Olson.

CENTERVILLE: James A. Felton

has joined the Centerville National Bank as agriculture representative.

DES MOINES: Cyrus D. Kirk has been elected vice president in the correspondent bank department of Central National Bank & Trust Co. Mr. Kirk resigned recently from LaSalle National Bank in Chicago to accept this appointment. He has more than 24 years experience in the correspondent bank field. A native of Des Moines, his banking career started here in 1953.

DES MOINES: The Iowa Bankers Association will hold its State Legislative Day Tuesday, Jan. 24, at the Hilton Inn, 6111 Fleur Drive here. Briefing and update will be held from 9:30-11:30 a.m. The afternoon will be free for individual legislative contacts. The reception will be held at 6 p.m. followed by the dinner at 7 p.m.

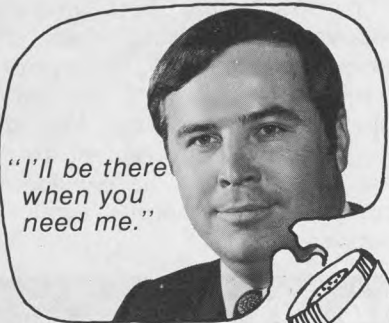
HAMPTON: Jerry Young has joined the First National Bank as assistant cashier. He had been with American Cyanamid Company handling dealer and distributor accounts for all pesticide sales.

HARLAN: Gary Hall has joined the Shelby County State Bank as a vice president. Mr. Hall, a 1965 Iowa State University graduate, has spent the last 13 years in farm mortgage operations with a national firm. He worked out of Atlantic, Ia., Texas, and most recently Red Oak, Ia.

NORWAY: Dennis D. Day has joined the Benton County Savings Bank in instalment loans and insurance. He has over three years of management experience in the small loan business and nearly one year experience in banking. Recently he was self employed in the retail appliance business in Washington.

WAUKON: C. C. (Pete) Dowry, who recently retired from the United States Department of

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DES MOINES, IOWA

NEW ISSUE

\$1,100,000

MOODY'S: "Baa-1"

JACKSON COUNTY, IOWA

County Public Hospital Revenue Bonds

Dated: November 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due June 1, 1978) payable at the office of the County Treasurer, Maquoketa, 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>5.75%</u>			<u>5.40</u>	
\$30,000	June 1, 1980	4.10	\$60,000	June 1, 1991*	5.40
35,000	June 1, 1981	4.30		<u>5.50%</u>	
35,000	June 1, 1982	4.50	65,000	June 1, 1992*	5.50
35,000	June 1, 1983	4.60		<u>5.60%</u>	
40,000	June 1, 1984	4.70	70,000	June 1, 1993*	5.60
45,000	June 1, 1985	4.80		<u>5.70%</u>	
45,000	June 1, 1986	4.90	75,000	June 1, 1994*	5.70
50,000	June 1, 1987	5.00		<u>5.75%</u>	
	<u>5.50%</u>		80,000	June 1, 1995*	5.75
50,000	June 1, 1988	5.10	85,000	June 1, 1996*	5.75
	<u>5.20%</u>			<u>5.80%</u>	
55,000	June 1, 1989*	5.20	90,000	June 1, 1997*	5.80
	<u>5.30</u>		95,000	June 1, 1998*	5.80
60,000	June 1, 1990*	5.30			

*Optional in inverse order beginning June 1, 1988 at 100%.

LEGALITY TO BE APPROVED BY AHLERS, COONEY, DORWEILER, HAYNIE AND SMITH, ATTORNEYS, DES MOINES, IOWA

Jackson County is located in the extreme east central part of Iowa bordered on the east by the Mississippi River. The neighboring counties include Dubuque (county seat of Dubuque, Clinton (county seat of Clinton) and Jones (county seat of Anamosa). There are six banks located in Jackson County with combined deposits in excess of \$112,800,000. The county seat and largest city in Jackson County is Maquoketa. Jackson has 14 other towns with a combined population (1970) of 8,846. Major employers located in Jackson County include: Clinton Engines Corporation, employing 343 in the production of small engines; Ensign Coil Co., employing 70, transistors; American Feathers Inc., 48 employees, pillows; General Thermo Inc., 48 employees, heat transfer products; and Jackson County Public Hospital, 260 employees.

These bonds are being issued under the provision of Chapter 347, Code of Iowa, 1977, as amended, to pay a portion of the cost of constructing additions and renovations to the county hospital. In the opinion of counsel, these bonds are legal and binding obligations of Jackson County, Iowa, payable from the gross revenues derived from the operation of the Jackson County Public Hospital. In addition, the County may levy a 1 mill tax on all taxable property within the County for operation and maintenance expenses. Based on 1976 valuations, a 1 mill levy will produce \$75,980.

HISTORIC EARNINGS

	<u>1977</u>	<u>1976</u>
Gross revenues	\$3,161,019	2,922,083
Expenses	<u>2,905,466</u>	<u>2,775,281</u>
Net revenues	<u>\$ 255,553</u>	<u>146,802</u>

COVERAGES

(Based on 1977 gross revenues)

Average debt service	\$93,963	Maximum debt service	\$100,730
Coverage of debt	33.6X	Coverage of maximum	31.4X

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Agriculture's Farmers Home Administration, has joined the Farmers and Merchants Savings Bank of Waukon and Waterville on a part-time basis in farm related services.

WELLMAN: The Federal Reserve Board has approved the application by Wellman Investment Co., to become a bank holding company through the acquisition of Wellman Savings Bank.

WEST BURLINGTON: The West Burlington Savings Bank has opened a branch office in the Westland Mall.

Nebraska News

MADISON: Mr. and Mrs. M. M. Mundorff, formerly of Grand Island, have moved to Madison and purchased the Farmers National Bank from the estate of the late Mark O'Shea. Mr. Mundorff, a graduate of South Dakota State University, had been with the Cambridge State Bank and the First State Bank in Shelton.

SCOTTSBLUFF: An open house was held recently at the new Western National Bank Plaza Drive-In at the Panhandle Plaza.

Illinois News

GLAVA: An application for a permit to organize the Community State Bank at 216 Northwest First Street here has been filed. The bank's capitalization of \$750,000 would consist of \$300,000 in both capital and surplus and \$150,000 in reserve. The 30,000 shares of stock would have a par value of \$10 each. Organizers are: Wilbur E. Nelson, Cambridge; Leon W. Robinson,

Woodhull; Gil R. Achterhof, Jack Hathaway, Larry E. Lindberg, Fred C. Lord, Jr., and Michael E. Massie, all of Galva.

WOOD DALE: The First Security Bank has announced the promotion of Gary Newman to vice president and cashier. Mr. Newman, who previously held the title of cashier, joined the bank in 1973.

Minnesota News

DETROIT LAKES: Matt Brenk has joined the First National Bank here as a loan officer.

FAIRMONT: Ray L. Haeckel, president of Fairmont National Bank, has announced a tender offer to all stockholders has been made on the bank. He said he and other directors have accepted the offer and have recommended the offer to the other stockholders. The transaction was scheduled to be completed December 30.

Those making the offer are: Jack Koberg, vice president in charge of correspondent banking and agricultural lending, The Omaha National Bank, Omaha, Nebr.; John Goode now, president, Wall Lake Savings Bank, Wall Lake, Ia., and the Exchange State Bank, Exira, Ia.; William Krause, president, Krause Gentle Oil Company, Hampton, Ia., and president, State Bank of Allison, Allison, Ia.; Jack Pester, president, Pester Derby Oil Company, and director, Iowa-Des Moines National Bank, and The National Bank of Washington, both in Iowa, and Paul Dunlap, president, Hawkeye Bancorporation, multi-banking organization, headquartered in Des Moines, Ia.

Mr. Koberg, 39, will become president of the bank.

RUTHTON: The Buffalo Ridge State Bank recently was sold to Rudolph H. Blythe, Jr., of Des Moines. Mr. Blythe has been with the Northwestern National Bank in Minneapolis for three years. The bank was organized in 1917 by the Pedersen family, who has had continuous ownership for the past 60 years. H. Clyde Pedersen, chairman and president, will work with the new owner to insure a smooth changeover in management.

North Dakota News

BOWMAN: Stan Dardis has joined the First National Bank here as vice president. He previously was with Northwest Bancorporation as an agricultural loan officer of the First National Bank of Aberdeen.

Colorado News

SOUTHGLENN: Rick Panesi has been appointed assistant vice president in charge of the real estate loan department of the First National Bank. He formerly worked at Empire Savings, Building and Loan Association in Denver.

Wyoming News

The annual Western Agricultural Lenders Institute will be held January 16-18 at the University of Wyoming in Laramie. The institute is cosponsored by the Wyoming Bankers Association and the University of Wyoming.

Registration begins at 8 a.m. on Monday, Jan. 16, followed by the program at 8:30. Topics of discussion will include: U. S. farm



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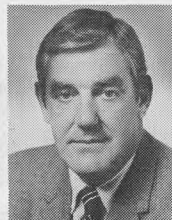
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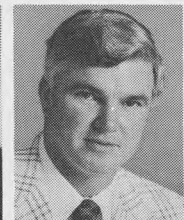
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and food policy, loan requests, financial statements, budget projections and analysis of information, credit files, loan supervision, inspection and memos, hedging and futures, crops and livestock outlook, 1978 estimated crop costs, livestock loans, warmup and feed lots, the modern bank and agriculture.

A field trip will be taken to the National Western Stock Show in Denver. Registrants are being asked to bring with them an agricultural leader from their community.

Calendar

ABA—American Bankers Association
 AIB—American Institute of Banking
 BAI—Bank Administration Institute
 BMA—Bank Marketing Association
 IBAA—Independent Bankers Association of America.
 NABW—National Association of Bank Women, Inc.
 RMA—Robert Morris Associates

Jan. 8-11—RMA Credit Department Management Workshop, Hilton Inn, Dallas.
 Jan. 17—BAI Data Processing Case Study Workshop, San Francisco.
 Jan. 17-19—BAI Bank Planning Conference, University of Southern California, Los Angeles.
 Jan. 30-31—BMA Basic Advertising Workshop, Los Angeles, Bonaventure.

Feb. 1-2—BMA Basic Advertising Workshop, Dallas Marriott.
 Feb. 5-8—ABA National Trust Conference, Waldorf Astoria Hotel, New York.
 Feb. 5-17—ABA National Instalment Credit School 1st Sessions, University of Oklahoma, Norman.
 Feb. 8-9—BMA Basic Advertising Workshop, Hyatt Regency, Atlanta.
 Feb. 8-10—ABA Bank Investments Conference, Fairmont Hotel, Dallas.
 Feb. 8-10—American Management Association Human Resources Conference, Palmer House Hotel, Chicago.
 Feb. 12-15—ABA Conference for Branch Administrators, Royal Sonesta Hotel, New Orleans.
 Feb. 12-15—ABA Bank Telecommunications Workshop, Hyatt Regency, Houston, Tex.

Feb. 15-16—BMA How To Compete with Other Financial Institutions Seminar, Hyatt Regency, Chicago O'Hare.
 Feb. 19-22—BMA Chief Executive Officers of Community Banks Seminar, Innsbrook Tarpon Springs, Fla.
 Feb. 26-28—ABA Senior Bank Management Seminar, Brownsville, Tex.
 Feb. 26-March 1—BMA EFT Marketing Conference, New Orleans, Marriott.
 Feb. 16-March 1—RMA Financial Statement Analysis, Olympic Hotel, Seattle.
 Feb. 26-Mar. 3—ABA Community Bank Chief Executive Officer Program, Sandpiper Bay, Port St. Lucie, Fla.
 Feb. 26-March 3—ABA National Personnel School, Denver Marriott, Denver, Colo.

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 INSTALMENT LOAN—1-3 yrs. bank experience with overall knowledge of consumer lending procedures \$14,000
 CASHIER—#2 position in \$10MM rural Iowa bank. Should have ag lending background as well as operations \$20,000
 COMML LOAN—Senior position with opportunity to become CEO. Metro area; bank \$80MM \$30,000

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