

# NORTHWESTERN Banker Newsletter

Vol. 6 No. 46

Des Moines, Iowa

March 13, 1978

## Insider Survey Statistics No Surprise

Bankers generally and the American Bankers Association expressed little or no surprise at initial statistics cited in the insider survey information relayed last week to the Senate Committee on Banking, Housing and Urban Affairs by federal banking agencies.

Raw data, as yet incomplete and not yet analyzed, indicated that about one-third of the 13,743 commercial banks surveyed reported overdrafts by executives and directors. About 92% of those allowing the overdrafts charged no interest to insiders, according to data submitted.

Bank economists looking at the raw data last week said this fact was no surprise since most banks did not have a firm policy of charging interest on overdrafts to any customer—insider or regular customer. If such a charge is made, it is generally in the form of a fee, not as interest, it was stated. One point of contention raised by bankers is that the survey as drawn up did not call for a comparison of policies for treatment of insiders and other customers, when such a comparison would have revealed this more equal treatment in both cases.

Other questions concerned insider loans and bank stock loans.

The entire survey was a result of the Bert Lance affair of last fall and stems from an effort to immediately pass the so-called "Safe Banking Act."

ABA President A. A. Bud Milligan, speaking for the national association, has stated that the ABA supports efforts to properly supervise any inequitable handling of insider transactions vs regular customers, but feels strongly that this matter can best be handled by enforcement on the part of regulatory authorities with Congressional and state rules already at hand. Further legislation piled on top of present laws would only serve to add to the building layers of regulations and rules under which banks now operate, he said.

ABA as well as many bankers attending the IBAA convention Florida last week were especially critical of the proposed Senate bill that would severely limit stock acquisition in banks by placing high dollar requirements on the amount required for cash down payment, thus limiting the borrowing ability of smaller, capable investors. This could ultimately lead to shutting out "small" investors and bankers from any hope of owning a bank or majority control, it is felt.

## Miller Confirmed As Chairman of FRB

By a vote of 14-1, the Senate Banking, Housing and Urban Affairs Committee confirmed G. William Miller to be chairman of the Federal Reserve Board of Governors. Sen. Wm. Proxmire (D., Wis.) was the lone dissenter. The committee passed the nomination to the full Senate, which was expected to approve it overwhelmingly, and Mr. Miller was to be sworn into office late last week.

## Gunderson Drops Race

Lee E. Gunderson, 47, president of the Bank of Osceola, Wis., has withdrawn his candidacy for 1978-79 president-elect of the ABA so that ABA Governing Council members won't have to face another vote this year between two candidates for the office at their April 26 meeting at The Greenbrier. This leaves the path clear for the council to nominate the other candidate, C. C. Hope, Jr., 58, vice chairman of the First Union National Bank of North Carolina, Charlotte. Mr. Gunderson indicated he will re-submit his president-elect candidacy next year for the 1979-80 post. If elected, Mr. Hope would succeed John H. Perkins, president of Continental Bank, Chicago, who won the hotly contested nomination election at The Greenbrier last April and is now president-elect.

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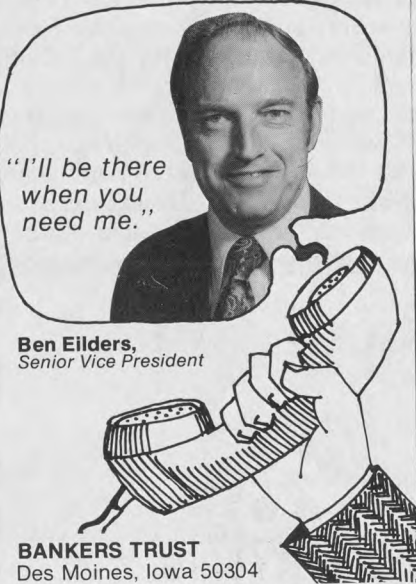
## 2,300 Attend Annual IBAA Meeting in Florida

The 48th annual convention of the Independent Bankers Association of America drew a crowd of 2,300 registrants last week to the Diplomat Hotel in Hollywood, Fla. Ivan D. Fugate, chairman of Western National Bank of Denver, Colo., was elected president succeeding Edward A. Trautz, president of East Lansing State Bank, East Lansing, Mich. An on-the-spot convention report and photos will appear in the April NORTHWESTERN BANKER.

### Iowa News

**BETTENDORF:** Security State Trust and Savings Bank has announced the following promotions: Ann Hutchinson, vice president and cashier; Jon Ryan, assistant vice president and cashier; John Neuberger, assistant vice president, and David Kilmer, auditor.

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**COUNCIL BLUFFS:** State Bank and Trust has announced plans for a new \$1.5 million banking facility. Bank President David N. Walthall said construction is scheduled to begin June 1 with completion in the late fall of 1979.

**DENISON:** Jimmie J. Thomas has joined the Crawford County Trust and Savings Bank as vice president. He formerly was vice president and cashier of the Landmands National Bank in Kimballton for the past three years.

**DES MOINES:** The National Bank of Des Moines has changed its name to Brenton National Bank of Des Moines. The bank also has announced the appointment of Max J. Larson to executive vice president.

**IDA GROVE:** James W. Lipton, Jr., has been advanced from executive vice president to president at Ida County State Bank, succeeding H. W. Godbersen, who now will serve as chairman.

**INDIANOLA:** Richard Kerr, vice president and cashier of Warren County Brenton Bank and Trust, has been named to the bank's board.

### Nebraska News

The Nebraska Bankers Association Agricultural Outlook Conference will be held Wednesday-Thursday, March 15-16, at the Holiday Inn, Kearney. Registration begins at 5:30 Wednesday evening, March 15, followed by a reception, dinner and speech on the "Outlook for Nebraska Agriculture," by Loran Schmit, chairman of the agriculture and environment committee, Nebraska Legislature. Topics of discussion on Thursday will be: AGNET; farm land price trends, corn, wheat and soybeans forecast; Russian agriculture and livestock forecast.

**FREMONT:** Jerry K. Miller has

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joined the First State Bank as vice president. He formerly was vice president in charge of the installment loan department of City National Bank of Hastings.

**OMAHA:** First National Bank has generated considerable response to offering of its "no name CDs" but will discontinue the new instrument if requested to do so by the Comptroller of the Currency, according to Bill Henry, vice president for marketing at the bank. Commercial National Bank, Grand Island, also began offering the "no name CDs" but announced last week it had discontinued them. Havelock Bank in Lincoln reportedly was still offering them last week.

William B. Foster, Jr., special assistant for public affairs to the Comptroller in Washington, D.C., told the NORTHWESTERN BANKER March 9 that the Comptroller has been sending a letter to each bank offering such bearer certificates

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**NEW ISSUE**

**MOODY'S: "A"**

**\$585,000**

## LINCOLN COMMUNITY SCHOOL DISTRICT, IOWA

General Obligation School Building Bonds

Dated: March 1, 1978

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due December 1, 1978) payable at the office of the School District Treasurer, Stanwood, 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>5.00%</u>			<u>4.60%</u>	
\$20,000	June 1, 1979	3.90	\$50,000	June 1, 1988	4.55
25,000	June 1, 1980	4.00		<u>4.70%</u>	
25,000	June 1, 1981	4.10	50,000	June 1, 1989	4.60
25,000	June 1, 1982	4.20	55,000	June 1, 1990	4.70
30,000	June 1, 1983	4.25		<u>4.75%</u>	
30,000	June 1, 1984	4.30	55,000	June 1, 1991	4.75
	<u>4.50%</u>			<u>4.80%</u>	
30,000	June 1, 1985	4.40	60,000	June 1, 1992	4.80
35,000	June 1, 1986	4.45		<u>4.90%</u>	
35,000	June 1, 1987	4.50	60,000	June 1, 1993	4.90

LEGALITY TO BE APPROVED BY HERRICK, LANGDON, BELIN, HARRIS, LANGDON & HELMICK, ATTORNEYS, DES MOINES, IOWA.

The Lincoln Community School District is located in Cedar and Jones Counties in eastern Iowa approximately 25 miles east of Cedar Rapids. The District includes the cities of Mechanicsville and Stanwood which also serve as the agricultural centers for the very prosperous surrounding farmland. This farmland ranks among the best crop producing land in the State. For the last two producing seasons, Cedar County (where over 90% of the District's valuation lies) has ranked second of Iowa's 99 counties in bushels of corn produced per acre. Transportation is provided by the Chicago and Northwestern Railroad, U. S. highway No. 30, Iowa highway No. 38 and excellent hard-surfaced county roads. There are two banks serving the District with combined deposits reported December 31, 1977 exceeding \$26,696,000.

These bonds were authorized at a special election held December 6, 1977, by a vote of 389 "yes" to 249 "no". They are being issued under the provisions of Chapter 296, Code of Iowa, 1977, as amended, for the purpose of providing a portion of funds to construct an addition and make improvements to the existing Junior-Senior High School. In the opinion of counsel, these bonds are legal and binding general obligations of Lincoln Community School District, Iowa, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal and interest on the bonds without limit as to rate or amount.

### FINANCIAL STATEMENT

Actual and assessed value of taxable property, 1976	\$55,806,590
Direct debt, including this issue	675,000
Total direct, overlapping and underlying debt	775,668
Population, 1977 estimate: 2,800	Direct debt per capita: \$241.07
	Total debt per capita: 277.02
Area: 72,576 acres	Direct debt per acre: 9.30
	Total debt per acre: 10.69

Tax collections have approximated 101% of taxes levied for the last five years.

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

Supplement to the Northwestern Banker Newsletter 3-13-78

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**LEASE PAYMENTS** . . . Are arranged to fit your cash flow. Thus, equipment and payments are "customized" to accommodate your needs.

**THE MOST IMPORTANT THING** . . . You have the equipment to use whether you're buying or leasing, and can own the equipment at the end of the lease.

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. . . Sure, suppose you are a business or professional man or farmer, and your equipment is "free and clear," or at least you have a good equity in it. You are "loaned up" at the bank, but you need cash now for a good inventory buy, to carry additional receivables, or for any worthwhile purpose. If your cash flow will carry the rental payments, then consider a Leaseback.

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that they have "aroused significant interest in Congress, the Treasury" and others and requesting banks to discontinue them.

The Rosenthal subcommittee in the House was including them in its deliberations March 9. The Internal Revenue Service on the same date was proposing regulations that would require banks to obtain the name of any person purchasing such an instrument or redeeming it and report the name to the Treasury.

**OMAHA:** The Omaha-Council Bluffs Chapter of Bank Administration Institute will hold its Directors and Managing Officers Night March 21 at Anthony's Restaurant, 72nd and F Streets. Social hour begins at 5:30 p.m. followed by dinner at 6:30 and the program at 7:30. A legislative update will be given.

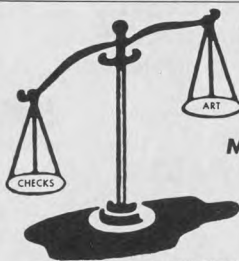
**OXFORD:** Dean Holbein, executive vice president of the Security State Bank, has been named president. He succeeds Dan Huff who is now chairman.

### Minnesota News

**COTTAGE GROVE:** Pete Katzung has been named instalment loan officer of MidAmerica National Bank.

**COTTONWOOD:** Empire State Bank has announced the promotions of Mark Bjernebo from assistant cashier to assistant vice president and Julie Bode from teller to assistant cashier.

**EVANSVILLE:** David Egge has



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been named president of the Farmers State Bank. He previously was vice president and director of the First State Bank of Fertile.

**HUTCHINSON:** Charles Dreager has been promoted to vice president of the First National Bank.

**MINNEAPOLIS:** Shelard National Bank has announced the promotion of Jerry Wright to president from executive vice president. He succeeds Sheldon Wert, who remains chairman.

**SPRING GROVE:** Gary F. Friemann has been elected vice president, cashier and director of Onsgard State Bank. Tony L. Gunderson has been elected assistant cashier and will manage the Onsgard State Insurance Agency.

**WILLMAR:** Richard Thull has been promoted to vice president of the Citizens National Bank.

### Illinois News

**ALTON:** The Bank of Alton has received consent to exercise limited trust powers.

**MT. VERNON:** Bank of Illinois has received consent to establish a facility at Times Square Mall here.

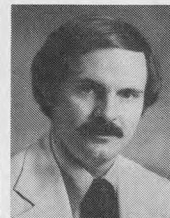
**PEORIA:** Commercial National Corporation, parent holding company of Commercial National Bank of Peoria, has announced that it will establish a network of neighborhood offices for making personal loans. A consumer finance subsidiary, Commercial National Loan Centers, Inc., has been formed to operate the offices. Two offices, the Uptown Loan Center and the Southside Loan Center, will be established initially. The plan has been approved by the Federal Reserve Bank of Chicago and the offices will be opened within 60 days.

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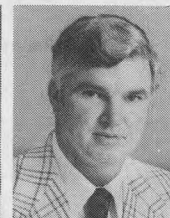
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### Wyoming News

**CASPER:** Wyoming National Bank has announced the appointment of David J. Palfrey to trust officer.

**CHEYENNE:** Philip Ellis has been promoted to assistant vice president of First National Bank and Trust Company of Wyoming.

### Colorado News

**DENVER:** Marilyn MacGruder Barnewall has been named vice president. She manages the bank's executive banking area and serves on several credit policy committees.

### South Dakota News

The South Dakota Bankers Association's mortgage loan committee will hold a Mortgage Lending Workshop March 29 at the Kings Inn Convention Center in Pierre. Registration begins at 9 a.m. following by the program at 10. Tom Adam, attorney at law and SDBA legal counsel, will speak on the "180-Day Mortgage Redemption Act." Officials from MGIC in Milwaukee will present a workshop

seminar on federal compliance laws and regulations on private mortgage insurance.

**HURON:** Elizabeth C. Schwartz, 71, died February 28 of a cerebral hemorrhage suffered earlier that day. After a memorial service in Huron, burial was in Sioux City. Her husband died four years ago. Mrs. Schwartz was the mother of Milt Schwartz, secretary of the South Dakota Bankers Association, Pierre.

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**AG-LOAN**—Opportunity to advance in medium-size Rocky Mountain bank. Ranch experience desired .....\$20,000  
**AUDITOR**—Metro midwestern bank of \$100MM. Degree and 2-3 yrs. experience required .....\$20,000

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