

NORTHWESTERN Banker Newsletter

Vol. 7 No. 11

Des Moines, Iowa

July 10, 1978

FDIC Director Isaac Seeks Deregulation

William M. Isaac, 34, began his six-year term as one of the three FDIC directors on April 24. He has a law degree from Ohio State University, practiced law in Milwaukee until 1974, and since that date until his FDIC appointment was vice president and general counsel for the First Kentucky National Corporation, a holding company, and two of its subsidiaries, First National Bank of Louisville and First Kentucky Trust Co. The following remarks are excerpted from his June 20 address to the Wisconsin Bankers Association annual convention in Milwaukee.

There is no question in my mind that the banking industry is over-regulated and that this situation is not in the best interest of either banks or their customers. To the extent that we regulators are responsible for and have control over the regulations, we should act promptly to simplify or eliminate them. We recently established a task force at the FDIC for that very purpose.

• Probably the best example of a banking regulation that cries out for simplification is Regulation Z, or "Truth-in-Lending." Before you applaud, let me hasten to state that I have absolutely no quarrel with the objective behind Regulation Z

— debtors are entitled to full and simple disclosure of the basic terms of their credit transactions, and before Truth-in-Lending they were too often not receiving it. But it ought not to require volumes full of regulations, rulings, and interpretations of rulings to achieve that laudable objective. Creditors ought to be able to comply with the law without having to resort to batteries of lawyers. In my opinion, it is imperative that Congress and the Federal Reserve Board act promptly to simplify Truth-in-Lending. In that process, I believe that serious consideration ought to be given to either exempting entirely the small banks or at least imposing less onerous requirements on them.

Deregulation of banking, to me, involves far more than merely simplifying or even eliminating a few regulations that many people might consider bothersome. Over a period of time we must also consider eliminating some laws which restrain competition among banks and between banks and other financial intermediaries.

• Interest rate controls can no longer be justified. They clearly produce disintermediation, leading to a stop-and-go flow of funds to housing. Corporate and upper-income borrowers are benefitted at the expense of small savers who

have neither the resources nor the sophistication to obtain a higher rate of return on their money. Variable-rate mortgages, tax subsidies, and other incentives should be put into place as alternatives to rate controls to ensure that funds will be available for housing.

• Prompt and serious consideration also should be given to phasing-out restrictive branching laws. The first step might be to allow branching within a certain radius or perhaps within SMSA's without regard to State boundaries. Having just moved to Washington I find it difficult to accept the fact that I must now bank with two different organizations, one in the District, where I work, and one a few miles away in Virginia, where I live. The same situation exists in many other cities and towns throughout the country. The customers of banks are the most obvious losers under this arrangement. But as competitive pressures increase from the larger holding companies and from foreign banks, savings and loan associations, credit unions, investment banking firms, large retailers, insurance companies, and the like, it is becoming more and more clear that the banking industry itself is suffering from these restrictions.

If these restrictions are phased-out, we regulators must take great

DEREGULATION . . .
[Please turn to Page 2]

CALL ON THE "PERFORMANCE TEAM"

where common transactions

are handled uncommonly well.



FIRST NATIONAL LINCOLN

13th & M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.

John Murano: BANKERS' BANKER

Come Grow
With Us



Iowa News

Spokesmen for the Iowa Credit Union League and the John Deere Employees Credit Union of Waterloo said they will file a motion for reconsideration of the Iowa Supreme Court's June 28 ruling which reversed a Polk County District Court decision upholding Iowa credit unions' ability to offer share drafts. The motion for reconsideration must be filed within two weeks following the Supreme Court decision. Nearly 50 Iowa credit unions had been issuing share drafts and will continue to do so until the legal matter is ultimately determined.

The Iowa legislature is scheduled to return again for their special session July 13 in an effort to reach agreement on whether to raise the maximum interest rate for home mortgage loans. When the House

met June 30 in the special session it passed a bill providing for the mortgage rate increase tied to the government bill rate, but also included a provision lowering permissible interest rates on revolving charge accounts. Republicans want only the mortgage loan rate addressed; Democrats insist both issues be included.

HARLAN: First Federal S&L of Council Bluffs has been given approval to establish a branch office at 5th Street & Court in Harlan.

MASON CITY: Larry A. Carver has been elected instalment loan officer/compliance officer by directors of The First National Bank. He has been with the bank in the instalment loan department since November, 1976.

COUNCIL BLUFFS: Melvin L. Filkins and Raymond L. Graalfs have been advanced to senior vice presidents at State Bank and Trust Company. Mr. Filkins, who joined the bank in 1964, is manager of the bank's assets and in charge of loans and investments. Mr. Graalfs joined the bank in 1956 and is in charge of administration and personnel and is an ag and commercial loan officer.

Nebraska News

NORFOLK: Several promotions at Northwestern National Bank have been announced by Tom F. Finnigan, president. They are: Harold Matney to vice president-loan administration; Dennis L. Meek to vice president-manager instalment loans, and Terry Jensen to ag loan officer.

OMAHA: Wes Bowen, senior vice president of Packers National Bank, is recuperating from injuries sustained during a recent fishing trip in Canada. He suffered fractures of the kneecap and ankle.

We're
interested in
services that give you a
lot of help for your
money.



Dorothea Wolfe

IOWA- Des Moines

NATIONAL BANK

Member FDIC An Affiliate of Northwest Bancorporation **BANCO**

He has returned to work with the aid of a walking cast.

OMAHA: Donald J. Murphy, chairman of the United States National Bank, has announced the promotions of Jerre W. Woelfle to controller and William M. Balak to marketing officer.

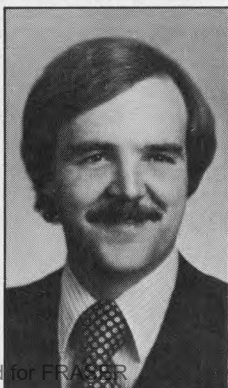
Minnesota News

ELMORE: The First National Bank of Elmore recently celebrated 90 years of continuous operation with a day-long party in the bank, according to A. F. Weyer, president and chairman.

HILLS: Wendell Bengtson has joined the Exchange State Bank. He formerly was associated with the Benton County Savings Bank of Norway, Ia.

MINNEAPOLIS: Jeffrey Arnold has been named vice president-manager of the new Southdale office of National City Bank.

NEWFOLDEN: Alton W. and Agnes B. Carlson have announced the sale of their controlling interest in Marshall County State Bank and the Agnes B. Carlson agency insurance business to G. A. Beito of Thief River Falls. Mr. Beito is chairman and president of the Northern State Bank in Thief River Falls. The Carlsons, along with Louis Sagstuen and Ray and Lucille Tunheim will continue as directors of Marshall County State Bank. In addition, Mr. Beito and Orville M. Hanson, senior vice president and cashier of Northern



THINK OF US AS SECURITY.

We're your source. So, start corresponding with Security. You'll be glad you did.

Steve Hatz
Correspondent Banker
712/277-6719



SECURITY NATIONAL BANK
SIOUX CITY, IOWA. MEMBER F.D.I.C.



Carleton D. Beh Co.

Investment Securities

Des Moines Building • Des Moines, Iowa 50309 • 515/288-2152

NEW ISSUE

MOODY'S: "A-1"

\$3,750,000

SUN PRAIRIE, WISCONSIN

General Obligation Corporate Purpose Bonds, Series 1978

Dated: June 1, 1978

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due December 1, 1978) payable at Northwestern National Bank of Minneapolis, Minneapolis, Minnesota.

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

MATURITIES

<u>5.30%</u>			<u>5.50%</u>		
\$ 50,000	June 1, 1980	4.70	\$350,000	June 1, 1989	5.40
100,000	June 1, 1981	4.85	350,000	June 1, 1990	5.50
150,000	June 1, 1982	4.95		<u>5.60%</u>	
250,000	June 1, 1983	5.00	350,000	June 1, 1991	5.60
250,000	June 1, 1984	5.05		<u>5.75%</u>	
250,000	June 1, 1985	5.10	350,000	June 1, 1992	5.70
300,000	June 1, 1986	5.15	350,000	June 1, 1993	5.75
300,000	June 1, 1987	5.20			
350,000	June 1, 1988	5.30			

LEGALITY TO BE APPROVED BY QUARLES & BRADY, ATTORNEYS, MILWAUKEE, WISCONSIN.

Sun Prairie is located in Dane County approximately six miles northeast of Madison. Largely a suburban area, the City has limited commercial development, while major shopping needs are met by a short drive to the Madison area. Major employers located in the City include: Wisconsin Cheeseman (825 employees); General Telephone & Electric Co. (700 employees); Wisconsin Porcelain Co. (290 employees); Goodyear Tire and Rubber Co. (203 employees); and Oconomowoc Canning Co. (30 permanent, 250 seasonal employees). There are two banks located in the City with deposits in excess of \$56,000,000 and two savings and loan associations.

The proceeds of this issue will be used to finance the City's wastewater treatment facilities construction, electric and water utility improvements and refund notes in advance of maturity. In the opinion of counsel, these bonds are legal and binding general obligations of Sun Prairie, Wisconsin, 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

Equalized valuation of taxable property, 1977	\$158,586,140
Assessed valuation of taxable property, 1977	41,096,972
Direct debt, including this issue	4,203,600
Total direct and overlapping debt	10,754,559
Population, 1978 estimate: 13,857	
	Direct debt per capita: \$303.36
	Total debt per capita: 776.11

Under Wisconsin Statutes, a City always receives 100% of taxes levied for it, as the County is responsible for any delinquent taxes.

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

WE HAVE DESIGNED A MORE EFFICIENT SYSTEM FOR YOU TO MOVE YOUR DDA, SAVINGS, LOAN, ETC., DATA ACROSS THE COUNTRY, WHILE YOU KEEP YOUR ITEMS AT HOME.

TI® Intelligent Data Entry Terminal with Micro-Processor, ROM and RAM Memory, Dual Mini-Cartridge Magnetic Tape Drives for storage, a 1920 Character Video Display and a regular Keyboard plus a separate numeric pad.



TI® 150 ch. per. sec. Bi-Directional Impact printer, 132 characters per line with standard spacing.

THIS INTELLIGENT TERMINAL SERVES AS A **COMPLETE PROOF SYSTEM**, AUTOMATICALLY CAPTURING ALL DATA ON TAPE CARTRIDGES. ALL ON-US ITEMS CAN BE SORTED & FILED DURING THE DAY.

After all items have been entered & balanced — proof reports are printed:

1. Master proof listing of all items
2. Daily blotter totals
3. Items by category; i.e., cash-ins and outs, transit, on-us, etc.
4. Cash letters

At night while unattended the terminal:

Automatically transmits on call, all transactions to be processed,
Automatically receives updated reports via transmission from the processing Bank.

On arriving at your Bank in the a.m., print your updated reports:

1. Trial Balance
2. Overdraft and NSF reports
3. Call statements, etc., while you enter your morning mail.

All this for an equipment cost of \$13,500.00 plus tax, freight and expenses where applicable. This includes programs, installation & training of operators.

ADVANTAGES TO YOUR BANK:

1. Elimination of transportation charges
2. Uses presently installed telephone lines
3. Offers better security as no on-us item ever leaves your bank
4. No minimum data processing charges
5. Lower cost per item of processing by the processing bank as all items are balanced — and no documents need be handled (in most cases as much as 20% to 50%)

Write or Give Us A Call:

MODERN BANKING SYSTEMS, INC.

6818 Grover St.
Omaha, Nebraska 68106
Phone (402) 392-0151
or (402) 392-0400

®Trademark of Texas Instruments

Supplement To Northwestern Banker Newsletter 7-10-78

State Bank, will join the board of the bank in Newfolden.

RIDGEDALE: Glenn Keller has been advanced to vice president in charge of commercial and installment lending at National City Bank here.

ST. PAUL: James Schmitt has joined Northwestern National Bank of St. Paul as group vice president of consumer banking. He was formerly with Equibank in Pittsburgh, Pa.

South Dakota News

BELVIDERE: A hearing will be held at 1:30 p.m. on July 25 on the application of Belvidere State Bank to move its main office to Kadoka (nine miles west on I-90) and retain a branch at Belvidere.

GETTYSBURG: Loren R. Miller has been elected president of The First Potter County Bank to succeed Robert T. Wuttke, who continues as chairman and chief executive officer. Mr. Wuttke has been with the bank since 1937. Mr. Miller most recently has been associated with The First State Bank of Park River, N.D., as vice president. Both banks are members of First Bank Systems, Inc.

SIOUX FALLS: SunBank has made application for a branch to be located at the East Junction of 10th and 12th Sts. A hearing will be held July 25.

WATERTOWN: A hearing is scheduled at 9 a.m. on July 25 on the application of Farmers and Merchants Bank & Trust Co. to convert its detached drive-in to a branch bank and to purchase the assets and assume liabilities of the First Security Bank, Morrystown, and establish branch banks of Farmers & Merchants at Morrystown and McIntosh.

Colorado News

DENVER: Roger D. Knight, Jr., retired July 3 as chairman of the executive committee of United Banks of Colorado, Inc. He will continue as a director of the holding

SALE OR LEASE, TEMPORARY OR PERMANENT

14'x62' mobile bank building in Arkansas, 14'x50' wood modular bank building in Kansas, 12'x40' steel & brick building in Missouri, 12'x55' mobile bank building in Texas. Other sizes (200s.f.) available. All bank equipment included, and available now, from the leading distributor of preconstructed Financial BUILDINGS CORPORATION, Box 684, Wichita, KS, 67201, (316) 942-8167, call collect.

company and its lead bank, United Bank of Denver. Neil F. Roberts, chairman and chief executive officer of the holding company will succeed Mr. Knight as chairman of the executive committee.

GRAND JUNCTION: Patrick N. Krantz was named personnel director of U. S. Bank recently. He joined the bank after serving in a similar position with Mor America Financial Corp., Cedar Rapids, Ia.

LITTLETON: Mel Emeigh, president of Arapahoe Colorado National Bank, has announced the promotion of Larry J. Shick to vice president in charge of consumer lending, operations and personnel. He also announced the promotion of Judith A. Krebs from assistant vice president to cashier.

Wyoming News

CHEYENNE: Craig Ockers has been promoted to installment loan department manager at the American National Bank. He has been loan officer the past eight months.

Montana News

GREAT FALLS: Gordon Nelson, Montana regional marketing officer with First Systems Services, has been named vice president in charge of the personal banking center at First National Bank here, by John Reichel, president. Gary Wojtowick was advanced to assistant vice president and manager of the time pay department, and Mike DeMarco was named assistant vice president in commercial loans.

T&L Interest Postponed

The United States Treasury has cancelled July 6 as the effective date of its plan that will earn interest on Tax & Loan accounts in financial institutions and remunerate those institutions for services rendered. Treasury said Congress

must appropriate the necessary funds for fee payments. When that is done, Treasury will set a new effective date and give banks a two weeks advance notice.

DEREGULATION . . . (Continued from page 1)

care to ensure that the smaller, independent banks continue in business and remain viable. One of the great virtues of our nation's banking system, in my view, is the fact that we have thousands of small, independent banks. We must vigorously enforce existing antitrust laws to control anti-competitive mergers and predatory practices. Indeed, it may even be desirable to adopt more stringent laws in this area, although I totally disagree with proposals to create arbitrary limitations on the percentage of a state's deposits held by a single banking organization.

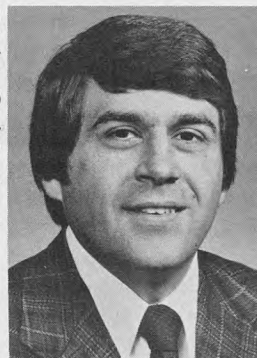
I believe strongly in the free enterprise system. For it to work we must have fully competitive markets. If banks continue to operate as utilities, in a protected environment, they should expect increased government interference in their business. Deregulation, in the true sense of the word, will never come about until banks shed some of the protective legislation adopted nearly half a century ago in reaction to the Great Depression. It is doubtful that much of this legislation was justified at the time it was adopted; in any event, it has probably outlived its usefulness.

Consolidation Of Banking Agencies

I want to address briefly one more major issue before closing. The subject of consolidation of the Federal banking agencies is once again before the Congress, and the proposal probably has a better chance of being enacted than at any previous time.

My position on this issue is one that I have held for several years. I oppose a complete consolidation of

A good
correspondent
bank relationship
is still built
by good people.
Yours and ours.



Dale Froehlich
Asst. Vice President

Call me
toll free . . .
800-332-5991

**Merchants
National Bank**
Cedar Rapids, Iowa 52401 A BANKS OF IOWA BANK

the agencies, but I favor an alternative reorganization proposal, one that will streamline our present system while preserving the dual banking system of which I am a strong proponent. Essentially, I believe that the formulation and implementation of monetary policy should be separated from bank supervision. In other words, the Federal Reserve Board should be removed from bank supervision and regulation, and that authority should be given to the FDIC for all state banks. I do not believe that the Federal Reserve needs to be involved in bank regulation in order to carry out its monetary policy functions; indeed, it seems to me that bank and bank holding company regulations amount to little more than a distraction that the Federal Reserve could do without.

Probably the most serious inadequacy in the present regulatory framework at the Federal level is the separation of bank holding company supervision from bank supervision. Several recent bank failures have been caused in large part by massive unsafe and unsound practices which occurred in the bank's parent holding company or its nonbanking subsidiaries.

It seems to me that this problem should be remedied by giving the bank regulator which supervises the lead bank in a holding company system the primary supervisory responsibility for the entire system.

WANT ADS

Rates 40 cents per word per insertion. Add \$2 for box numbers. Identity of box number advertisers cannot be revealed.
NORTHWESTERN BANKER
 306 15th St., Des Moines, Iowa 50309

WANTED TO BUY

Addressograph and Graphotype equipment. Please list model and serial number of machine. Write P.O. Box 607, Boone, Ia. 50036.

HELP WANTED

Experienced Loan Officer (all types). Must be able to handle bank accrual accounting. Bank of \$25MM. Send resume and salary requirements to State Bank of Wheaton, Wheaton, MN.

POSITION AVAILABLE

Executive officer for \$7 million bank in Iowa town of 300. Ag and investment experience preferred. Salary negotiable. Write Box ADO, c/o Northwestern Banker.

We have qualified buyers for your majority bank stock.

If you are ready to sell your bank please contact:

J. Mason Henry, President
Charles E. Walters Co., Inc.
 P.O. Box 1313, Omaha, Nebraska 68101
 Phone: (402) 553-6400

POSITION AVAILABLE

Experienced installment loan person, general insurance licenses desirable, and/or operations experience. \$15MM Bank. Contact: Farmers & Merchants State Bank, New York Mills, Minn. 56567. (218) 385-2300.

POSITION WANTED

Loan officer with 15 years experience in agri-business, commercial, and real estate lending. Background includes both community and correspondent banking. Resume and references on request. Write file ADP, c/o Northwestern Banker.

POSITION AVAILABLE IMMEDIATELY

Vice President, #2 in bank. Should have commercial/ag loan, operations experience. \$19 million eastern Neb. bank. Write File ADQ, c/o Northwestern Banker.

BANKS FOR SALE
 ALL ACROSS U.S.A.
 Daniel A. Hyland
CROWN BANKING SERVICES
 325 W. Prospect Avenue
 Mount Prospect, Illinois 60056

FOR SALE

775 NCR Proof Machine, console only priced at \$6,500. with additional \$525. necessary to purchase remaining 6 months of maintenance contract. Purchased new January 1976, and showing under 2,000 hours of run time. 1 ea. Pitney Bowes Embosser and Addresser Printer, complete, 2 ea. 12 drawer Pitney Bowes storage cabinets on wheels and 2 ea. 2 drawer Pitney Bowes storage cabinets, all in good condition. Installing computer and need to sell. Contact V. E. Rossiter, Jr., President, Bank of Hartington, Hartington, Neb. 68739.

POSITION AVAILABLE

Need cashier and assistant vice president for \$14MM bank in rural eastern Nebraska. Operations and ag loan experience necessary. Write file ADM, c/o Northwestern Banker.

POSITION AVAILABLE

Executive vice president for \$60 million bank in eastern Iowa. Lending, operations and marketing experience preferred. Write Box ADR, c/o Northwestern Banker.

FOR SALE

Two NCR Postronics, both being used at the present time. Farmers Savings Bank, Colesburg, Iowa 52035.

BANKERS PARTICIPATING



LeasePlan, Inc.
 545 - 31st Street Des Moines, Iowa 50312
 R. L. "DICK" SELLON • P.D. "DUANE" DEVAULT

PARTIAL LIST OF AVAILABLE POSITIONS

Exec. V.P. - #2 spot with heavy day to day responsibilities. Lending exp. should include commercial, consumer and agri. Need a person versed in all areas of banking. Salary upper \$20's.

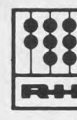
EXEC. V.P. - Rural Ia. location. Must have heavy Agri-lending background. Equity potential. Salary mid \$20's.

PRES./CEO - New charter located in growing community. Growth energy related. Must be exp. in all areas and have supervisory exp. Will have complete responsibility. Salary high \$20's.

TRUST OFFICER - Ia. bank needs Pension & Profit Sharing Specialist. Expanding dept. Will consider public acctg. exp. Salary high teens.

ALL FEES COMPANY PAID

RESPOND IN CONFIDENCE TO:



Bank Division

ROBERT HALF of Iowa, Inc.

317 6th Ave.
 Des Moines, IA 50309
 (515) 244-4414

CREDIT ANALYST

First National Bank of Omaha

Have opening for experienced credit analyst. Must be familiar with analyzing commercial finance statements and leasing credits. Other responsibilities will include credit checking and reviewing and credit approval. Send resume to Personnel Department, First National Bank of Omaha, One First National Center, Omaha, Nebraska 68103 or call (402) 341-0500.

An Equal Opportunity Employer

ESTATE APPRAISALS
ESTATE PURCHASES
ESTATE SALES
 PHONE 402-397-2767
AKSARBEN STAMP AND COIN
 10817 PRAIRIE BROOK RD.
 OMAHA, NE. 68144

SERVING PROFESSIONALLY

Banking, Financial & Business Personnel
 Iowa and Nationwide

CAPITAL PERSONNEL SERVICE
 814 Central National Bldg. 515-283-2545
 Des Moines, Iowa 50309

POSITIONS AVAILABLE

AG LOAN—Rural Nebraska bank of \$10MM. Insurance licenses and knowledge of operations helpful\$18,000
SECOND OFFICER—\$20MM suburban Missouri bank. Position requires comm'l loan and business development skills\$22,000
LOAN OFFICER—\$20MM bank close to metro area. Handle instalments, R.E., and some commercial credits\$20,000
AUDITOR—Excellent opportunity for junior officer with limited experience. \$50MM K.C. suburban bank\$15,000
COMM'L LOAN—\$200MM metro area bank seeks addition to staff. Prefer 5 yrs. lending experience with 6 figure credits\$28,000
PERSONNEL OFFICER—Major midwestern bank needs experienced individual with strong administrative and communication skills. Opportunity for further advancementUpper \$20's

A brief sampling of our current openings. All inquiries held in confidence.

TOM HAGAN & ASSOCIATES

Linda Blue Smith, President
 Box 12346—208 E. 18th Ave.
 NKC, MO 64116 (816) 474-6874

Vol. 7 No. 11 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 25 cents per copy, \$8 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address [Form 3579] manuscripts, mail items to above address.