

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

September 25, 1978

Comptroller Concedes—Credit Life Suit Out

A KEY concession by the Comptroller of the Currency that the regulator's credit life insurance rule is merely an expression of opinion rather than a legally binding regulation has resulted in a U.S. District Court dismissal of the lawsuit brought by the Independent Bankers Association of America challenging the rule.



I. D. FUGATE

"This concession by the Comptroller is a major victory for the Association and for independent banks across the nation," IBAA President Ivan Fugate said.

The regulation addresses the issue of proper distribution of commission income from the sale of credit life insurance to bank loan customers—that is, insurance purchased by a borrower, the proceeds of which are payable to the lending bank in the event that loan repayment is not completed due to the death or disability of the borrower.

The Comptroller initially contended that the regulation established as a matter of law that the distribution of credit life insurance commission to bank officers, directors, stockholders and employ-

ees was an unsafe and unsound banking practice, and that in any administrative or judicial proceeding, a bank could not contest the safety or soundness issue. In a complaint filed last December, IBAA challenged the Comptroller's authority to issue the regulation and sought a ruling that the regulation was null and void.

After the suit was filed, the Comptroller reversed his view, conceding that the right of a bank to contest the regulation's validity and defend its insurance activities as safe and sound should not be denied.

"It would appear that, upon studied reflection, a national bank would be able to challenge the validity of the regulation and present the defense that its activities are in fact safe and sound practices both during the administrative proceeding and during judicial review," the national bank regulator conceded.

Judge Louis Oberdorfer of the U.S. District Court in Washington, D.C. accepted the Comptroller's concession, ruling that it reduces the regulation to a statement of opinion.

In dismissing the case, Judge Oberdorfer concluded that the Comptroller's concession effectively ends any threat to attempt to employ the regulation in any cease-and-desist proceeding as a

bar to any bank's defense of the soundness and safety of its practices. Thus, the Comptroller has already given IBAA members all the relief which the Court could effectively provide if it decided in the Association's favor. □

Iowa News

The 92nd annual Iowa Bankers Association Convention began Sunday evening with the President's Reception at Vets Auditorium. The annual Agricultural Breakfast is being held Monday morning and will be followed by business sessions Monday afternoon and all day on Tuesday. A complete convention report with pictures will appear in the October issue of the Northwestern Banker.

The following applications for detached facilities have been approved: the Iowa State Savings Bank, Clinton, at 7th Avenue South and Dubuque Bank and Trust Co., at One Town Plaza. The Council Bluffs State Bank and Trust has filed an application to place a detached facility at the Sherwood Plaza.

HUMBOLDT: Steve Nielsen has joined the Humboldt Trust and Savings Bank as an assistant cashier in the instalment loan department. He formerly was with Centerville National Bank.

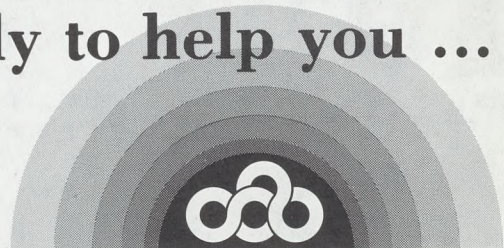
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hold Kathryn Miller Day September 27 with an open house from 9-12 a.m. and 1-3 p.m. to honor Mrs. Miller for over 42 years of service at the bank. Mrs. Miller, assistant cashier, will retire October 1.

Nebraska News

Four meetings titled "Managing Your Bank's Investment Portfolio" have been scheduled in late September and early October by the Nebraska Bankers Association. Each meeting will begin about 1:30 p.m., conclude about 4:30 p.m., and will be followed by a cocktail reception. The meetings are scheduled at the following locations:

September 27, Scottsbluff Inn.
September 28, Holiday Inn,
Kearney.

Don Carmody: BANKERS' BANKER

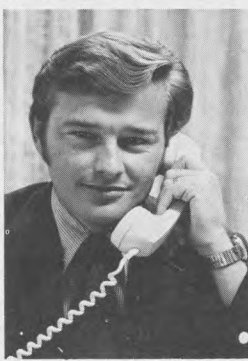
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October 11, Villa Inn, Norfolk.
October 12, Hilton Hotel,
Lincoln.

BARTLETT: The Bartlett State Bank has been denied a bank charter.

FAIRBURY: The Federal Reserve Bank of Kansas City has approved the application of Else Investment Company here to become a bank holding company through the acquisition of an additional 55.3% of the voting shares of the Fairbury State Bank.

KIMBALL: The Federal Reserve Bank of Kansas City has approved an application by the American National Kimball Corp., to become a bank holding company through the acquisition of 80.92%, less directors' qualifying shares, of the voting shares of The American National Bank of Kimball. The approval is pursuant to authority delegated by the Board of Governors of the Federal Reserve System.

McCOOK: Two banks, the Southwestern Bank and Trust Company and the American State Bank, have applied for state bank charters here. The Southwestern Bank is capitalized at \$500,000 and plans to occupy the former Cherrywood Inn at 803 West B. The American Bank plans to build a new facility at the location now occupied by Lou's Champion. It is capitalized at \$850,000.

NORFOLK: The Bank of Norfolk has received consent to build a detached facility at 4th and Benjamin Avenue here.

Illinois News

The following banks have received consent to establish a facility: Metropolitan Bank and Trust Company of Alton, at 246

Alton Square in the Alton Square Shopping Mall; The Ina State Bank, in the Student Union Building on the Rend Lake Junior College Campus in Ina; The Elgin State Bank, at 590 North McLean Boulevard, Elgin and The Bank of Illinois in Normal, in the Student Union Building on the State Campus, Normal.

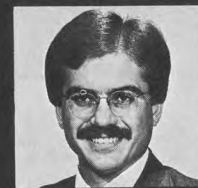
AURORA: The Bank of Boulder Hill's application for federal deposit insurance has been approved. The bank's capital accounts total \$1,000,000.

CHARLESTON: Three women have been promoted at The Charleston National Bank: Sandra Horath and Sara Jane Preston to assistant vice presidents and Barbara Vanatta to assistant cashier.

GLENVIEW: John E. Jones was elected chairman of Glenview State Bank. Mr. Jones is the president, chief executive officer and chairman of the Cummins-Allison Corp. John H. Beaulieu continues as president of the bank.


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NEW ISSUE

MOODY'S: "Aa"

\$2,845,000 MANITOWOC, WISCONSIN General Obligation Bonds

Dated: October 1, 1978

Denominations: \$5,000

Both principal and semiannual interest (April 1 and October 1, first coupon due April 1, 1979) payable at the Valley National Bank, Appleton, Wisconsin.

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

MATURITIES

| | | | | | |
|----------|-----------------|------|-----------|-----------------|------|
| | <u>4.75%</u> | | | <u>4.90%</u> | |
| \$45,000 | October 1, 1979 | 4.40 | \$300,000 | October 1, 1985 | 4.75 |
| 50,000 | October 1, 1980 | 4.50 | | <u>5.00%</u> | |
| 50,000 | October 1, 1981 | 4.60 | 400,000 | October 1, 1986 | 4.80 |
| 50,000 | October 1, 1982 | 4.65 | 450,000 | October 1, 1987 | 4.85 |
| | <u>4.90%</u> | | 450,000 | October 1, 1988 | 4.90 |
| 50,000 | October 1, 1983 | 4.70 | 450,000 | October 1, 1989 | 4.95 |
| 50,000 | October 1, 1984 | 4.75 | 500,000 | October 1, 1990 | 5.00 |

LEGALITY TO BE APPROVED BY BORGE & PITT, ATTORNEYS, CHICAGO, ILLINOIS.

Manitowoc, the county seat of Manitowoc County, is situated on the west shore of Lake Michigan about 75 miles north of Milwaukee and 35 miles southeast of Green Bay. The City is frequently referred to as the "Aluminum Manufacturing Center of the World", although a wide variety of other products are manufactured. These include cement, ship building, malt, power shovels, freezers, steel office furniture, hose couplings, instant dry milk, corrugated containers, metal stampings, plastics, castings, oiling devices, canvas and cotton cloth and food products. Major taxpayers include: Manitowoc Co., Inc.; Mirro Aluminum Co.; Gould Imperial; Anheuser-Busch; Aluminum Specialty Co.; Darcel, Inc.; Medusa Portland Cement Co.; Weyerhaeuser Co.; Lakeside Packing Co.; Invincible Metal Furniture Co. and Kurth Malting Co.

These bonds are being issued for the following purposes: \$1,045,000 for the purpose of constructing and equipping an addition to the elementary school and renovating, remodeling and repairing existing school buildings; \$1,000,000 for the purpose of providing street improvements; and \$800,000 for the purpose of providing a recreational structure. In the opinion of counsel, these bonds are legal and binding general obligations of Manitowoc, Wisconsin, 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

| | |
|---|----------------------------------|
| Equalized valuation of taxable property, 1977 | \$509,046,630 |
| Assessed valuation of taxable property, 1977 | 301,769,886 |
| Net direct debt, including this issue | 15,591,141 |
| Total direct, overlapping & underlying debt | 20,894,297 |
| Population, 1978 estimate: 32,956 | |
| | Direct debt per capita: \$473.00 |
| | Total debt per capita: 634.00 |

Under Wisconsin Statutes a City always receives 100% of taxes levied for it, as the County assumes all delinquencies.

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

Supplement To Northwestern Banker Newsletter 9-25-78

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Minnesota News

CHISAGO CITY: The Chisago City Council has approved a building permit for the Chisago City State Bank. The 5588 square foot building will be constructed on the south side of Hwy. 8, between the Pioneer East building and the new Casey's Convenient Store.

HALLOCK: The Kennedy and Lancaster detached facilities of the Northwest State Bank of Hallock opened for business recently. Clarice Hanson is the manager at Kennedy and Joyce Zimmerman is the manager at Lancaster.

MINNEAPOLIS: Northwestern National Bank has been denied an application to open a detached banking facility at 48th and Chicago Ave. S.

ST. PAUL: The North Suburban office of the Northwestern National Bank recently opened at 1220 West County Rd. E. in Arden Hills. Thomas G. Haugen is vice president and manager. He formerly was head of the operations support division. Jeanne Fogelberg is the assistant manager and banking officer.

North Dakota News

The dates and locations of the North Dakota Bankers Association 1978 Fall Group Meetings have been finalized. They are:

Northeast Group, October 2, at the Legion Club in Grafton; arrangements chairman is R. A. Charlton, president of the First National Bank in Grafton.

Northwest Group, October 3, the

Steak House, Garrison; arrangements chairman is Jeff Stockdill, vice president at the Garrison State Bank.

Southwest Group, October 4, Golden West Shopping Center, New Salem; arrangements chairman is James M. Goetz, vice president at Security State Bank in New Salem.

Southeast Group, October 5, Eagles Club, Valley City; arrangements chairman is David W. Severson, vice president of First National Bank in Valley City.

Each meeting starts at 3 p.m. Contact the group arrangements chairman for information on registration.

BISMARCK: The State Bank of Burleigh County Trust Company has been given permission to establish a detached facility at 1730 North 13th here.

MINOT: R. Wayne Brostrom has been appointed personnel administrator for the First National Bank. Mr. Brostrom had been coordinator of the Career Education Plus program of the Minot Public Schools.

South Dakota News

MILBANK: Funeral services were held recently for Earl F. Nixon, chairman of Dakota State Bank in Milbank. Mr. Nixon was employed in 1938 and active until his retirement in January of 1975.

Wyoming News

The following banks have had applications for Federal Deposit

Insurance approved: First State Bank of Thermopolis, total capital of \$750,000, and the First State Bank of Lyman with total capital accounts of \$500,000.

CENTRAL CITY: Larry Spencer has been appointed loan officer for Central Bank. Mr. Spencer's experience includes four years with the Farmer's State Bank of Superior.

GRANT: Craig Knotwell has joined the staff of the Farmers National Bank of Grant. Mr. Knotwell has seven year's of experience in a Nebraska state bank.

Colorado News

COLORADO SPRINGS: The United Bank of Colorado Springs has received permission to build a detached facility at 123 North Cascade Avenue, approximately 100 feet east of the main office in Colorado Springs.

DENVER: John Wells has been named vice president in charge of the personnel department of First National Bank. He joined the bank August 1, leaving the personnel department at City National Bank in Columbus, Ohio, where he was vice president.

DENVER: Security National Bank has promoted Sharon S. Wheeler to loan administration officer, and appointed Denise E. Aranda assistant cashier and Beth Ann Gargano personnel officer.

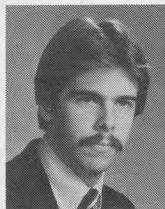
DENVER: John Nelson, an assistant vice president at the First National Bank of Denver, was

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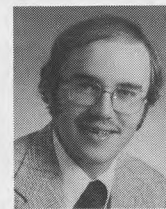
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named president of the Denver chapter of the Bank Administration Institute.

FORT COLLINS: Barbara Ashley was promoted from customer service officer to assistant vice president in charge of internal operations at the United Bank of Fort Collins.

WESTLAND: Darrell L. Kinchelow and John Ricotta have been promoted to assistant vice presidents, and Stephen R. Dawson to cashier at the Firstbank of Westland.

WHEAT RIDGE: Jeffrey L. Browning was named assistant vice president and Dwight George assistant cashier at the First bank of Wheat Ridge.

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AGRI-LENDING - 3+ yrs. exp. needed. Must have ag lending background. Salary in mid teens.

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REAL ESTATE LOAN—Suburban bank seeks individual with strong single family and secondary market background to start Real Estate Dept.\$23,000

BRANCH MANAGER—Strong commercial loan background desired. Should be well versed in 6-figure credits.\$22,000

PRESIDENT—\$25MM Iowa bank. Should presently be CEO and have excellent administrative background. Rural location.\$30,000

INSTALMENT LOAN—Complete charge of \$35MM portfolio. Both direct and indirect experience required.\$25,000

AG-LOAN—\$20MM Nebraska bank seeks addition to staff. Commercial experience helpful.\$20,000

INSTALMENT LOAN—Supervise \$7MM dept. in Iowa bank. Background will include dealer experience.\$18,000

A sample of our current listings. Please forward resume' and salary history in confidence to:

TOM HAGAN & ASSOCIATES

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

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