

NORTHWESTERN Banker Newsletter

Vol. 8 No. 12

Des Moines, Iowa

July 16, 1979

1st Federal Offers Checking Accounts

INTEREST bearing checking accounts are being offered to all customers of First Federal Savings & Loan of Lincoln, Neb., through a special checking account arrangement with Chase Manhattan Bank of New York. The new service was announced Monday, July 9, statewide and Nebraska banks immediately took exception to the service, charging that it is an illegal offering by the Lincoln savings and loan and nationwide branch banking by the Chase Bank.

The Nebraska Bankers Association charged July 10 "that First Federal Savings & Loan appears to be violating federal and state law with its newly implemented checking account service." NBA Executive Vice President Robert E. Harris said his organization "sees First Federal's action as an apparent attempt to secure banking powers while maintaining the privileges granted savings and loan associations.

"First Federal's surprise announcement," he continued, "the authority for which was apparently secretly given without public comment, could be misleading its customers. It seems unfortunate that any financial institution would take such a step without legislative pronouncement, and expose its customers to a potential future loss of the service."

Mr. Harris concluded the NBA's official statement by saying, "The NBA is investigating all legal aspects of the service and will likely file a lawsuit after review by NBA attorneys."

Regulatory Authority

John Lydick, president of TMS Corp., Lincoln, a subsidiary of First Federal responsible for nationwide marketing of First Federal's EFT services, told the NORTHWESTERN BANKER July 11 that "the Money Now account enables a customer to have a savings account at 5% interest, including a zero balance checking account at Chase Bank in New York."

Mr. Lydick, when asked what regulatory authority approved the new service, said the Federal Home Loan Bank Board regulations provide for third party transfer of funds for bill payment. "We're pleased," he stated, "with the rather clever interpretation of this regulation by our legal counsel in Washington, D.C., who works out these matters with the FHLBB. We feel we are operating within the law." Mr. Lydick said First Federal, in effect, is offering its customers a bill paying service. The customer maintains a regular savings account at First Federal. With the Money Now account, the customer also is given a zero balance

checking account at Chase Manhattan Bank in New York. First Federal maintains a working balance with Chase Manhattan. The account is free with a \$300 First Federal balance.

Procedure

When the customer writes one of the Money Now checks, which is done in the checkbook in duplicate, the check is given to a merchant or another party the same as a commercial bank check. When the merchant deposits the Money Now check in his local bank for credit, it is expected to go through the usual stream of check processing, Mr. Lydick said. Those checks, he stated, would clear through an Omaha bank, to the Federal Reserve of Kansas City, then to Chase Manhattan Bank for clearing and collection.

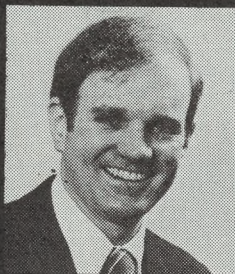
Chase Manhattan Bank employees will make electronic inquiry of the First Federal customer's balance in Lincoln, via a closed circuit line. Assuming the customer balance is correct, the check would be cleared, the customer's account immediately debited by electronic circuit, and the check then would be truncated at Chase Bank—i.e., no checks returned, since the duplicate in the customer's checkbook is verification. In addition, First Federal issues each customer a monthly

CHECKING ACCOUNTS . . .

[Turn to back page, please]

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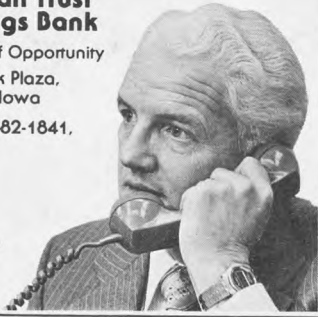


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Iowa News

The Iowa Bankers Association will sponsor an Employee Handbook Workshop on Wednesday, July 18, at the I-80 & Merle Hay Road Howard Johnson's in Des Moines from 9 a.m. to 4:30 p.m. Registration will be at 8:30 a.m.

The session is designed to give bankers guidance in the writing of a bank employe handbook, or the auditing of an existing handbook. Topics will cover which federal and state laws apply to a particular size bank, factors that must be considered when writing operational and fringe benefit policies, and techniques for improving communication to improve employe attitude and productivity.

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Insurance & Services, Inc., is offering a comprehensive one-day curriculum on insurance and protection.

Sessions will be held as follows: July 23—Five Seasons, Cedar Rapids; July 24—Adventureland, Des Moines (Altoona), and July 25—Harbor House, Storm Lake.

CEDAR FALLS: Cedar Falls Trust & Savings Bank has increased its common capital from \$500,000 to \$750,000 by stock dividend.

DES MOINES: Bankers Trust Company has increased its common capital from \$1.5 million to \$1,585,000 by sale of new stock.

IOWA CITY: Three employes have been promoted at the Iowa State Bank & Trust Co. here. Nancy L. Homel, assistant cashier, was promoted to assistant vice president for operations; Tracy L. Clark Jr., commercial loan representative, is now assistant cashier-commercial loans, and James P. Harvey, loan assistant, was named assistant cashier in instalment lending.

LISBON: Joe D. Petra has resigned as senior vice president, Citizens National Bank, Boone, to join the Lisbon Bank & Trust Co. in an executive position.

OKOBOJI: The 8th annual Iowa Independent Bankers convention will start Thursday, July 19, and run through Saturday, July 21, at the New Inn. O. Jay Tomson, president, IIB and president, Citizens National Bank, Charles City, will preside. A record registration is anticipated. The Lakes Area has had no serious fuel problems and service stations continue to be open on weekends, including Sundays.

Nebraska News

BEATRICE: The First National Bank & Trust Co. here has received approval from the regional administrator of national banks to open a

customer-bank communication terminal at 2200 E. Court St.

MILLIGAN: Debra K. Filipi has been promoted to the position of assistant cashier at the Farmers & Merchants Bank here.

SCOTTSBLUFF: First State Bank here has announced four promotions. They are: Howard S. Berger, vice president to senior vice president and cashier; Ivan C. Troy, vice president and cashier to senior vice president; and Merle C. Shelbourn and John E. Bateson, assistant vice president to vice president.

STUART: An application by Tri-County Company here for prior approval to acquire 80% or more of the voting shares of the Tri-County Bank has been approved by the Federal Reserve.



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NEW ISSUE

MOODY'S: A

\$1,000,000
NICOLLET COUNTY, MINNESOTA
General Obligation State-aid Highway Bonds, Series 1979

Dated: July 1, 1979

Denomination: \$5,000

Both principal and semiannual interest (January 1 and July 1, first coupon due January 1, 1980) payable at the 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>5.20%</u>			<u>5.30%</u>	
\$100,000	July 1, 1980	5.20	\$100,000	July 1, 1985	5.30
100,000	July 1, 1981	5.20	100,000	July 1, 1986	5.30
100,000	July 1, 1982	5.20		<u>5.35%</u>	
	<u>5.25%</u>		100,000	July 1, 1987	5.35
100,000	July 1, 1983	5.25	100,000	July 1, 1988	5.35
100,000	July 1, 1984	5.25		<u>5.40%</u>	
			100,000	July 1, 1989	5.40

LEGALITY TO BE APPROVED BY DORSEY, WINDHORST, HANNAFORD, WHITNEY & HALLADAY, ATTORNEYS, MINNEAPOLIS, MINNESOTA

Nicollet County, Minnesota, which is located in southcentral Minnesota approximately 60 miles southwest of the City of Minneapolis, was organized as a unit of government by the State Legislature in 1853. The County covers an area of approximately 439 square miles and contains 6 municipalities. Major employers in the County include: Carlson Craft (commercial printing, 1,100 employees); St. Peter State Hospital (health care, 668 employees); Gustavus Adolphus (private college, 438 employees); Midtex, Inc. (electronics, 339 employees); ADC Products (electronics, 326 employees); Independent School District #508 (public school, 215 employees); Komatz Construction (general contractor, 200 employees); and Minnesota Automotive (hydraulics, 150 employees). There are six banks located in Nicollet County, with total 1978 deposits in excess of \$91,600,000.

These bonds are being issued pursuant to Chapters 162 and 475 of the Minnesota Statutes. The proceeds of this issue will be used to finance the cost of 24.1 miles of bituminous surfacing and 7 miles of grading on county/state-aid highways. The bonds will be payable primarily from a pledge of amounts to be allocated to the County from the State-Aid Highway Fund. In the opinion of counsel, these bonds are also legal and binding general obligations of Nicollet County, Minnesota, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on these bonds without limit as to rate or amount should the allocations not be received.

FINANCIAL STATEMENT

Market value of taxable property, 1979	\$318,739,226
Assessed value of taxable property, 1979	91,641,403
Direct debt, including this issue	2,005,000
Net direct debt, excluding self-supporting	-0-
Total net direct, overlapping and underlying debt	5,348,783

Population, 1979 estimate: 25,100

Direct debt per capita:	\$ 79.88
Net direct debt per capita:	-0-
Total debt per capita:	213.10

Tax collections have approximated 99.8% of taxes levied for the last three years.

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

The information contained herein is not guaranteed, but is derived from sources we deem reliable and is that on which our purchase of these bonds was based. Offered subject to prior sale and change in price.

1/2 Price Introductory Offer 3 months for Iowa Banks on the Loan Activity Bulletin

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BOX 6129 EAST DES MOINES STATION		County _____	
Inst. No. Date Filed Hour Filed	Debtor(s) Name and Address(es) Name(s) of Party(ies) Signing	Secured Party(ies) and Address(es) Assignee (if any) and Address	
LOAN ACTIVITY BULLETIN			
Who: names of all debtors in the county during the period			
What: name of secured party			
When: the date the loan was filed with Secretary of State			
Where: location where loan made			
Bulletin subscription rates: (issued twice monthly)			
Polk — \$30.00 monthly			
Black Hawk, Linn, Scott and Woodbury — \$28.00 monthly			
Cerro Gordo, Clinton, Des Moines, Dubuque, Johnson, Lee, Pottawattamie, Story, Wapello, Webster and Wright — \$12.50 monthly			
All other 82 counties — \$10.50 monthly			

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FIRST NATIONAL LINCOLN

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WAYNE: Henry Ley, 75, president of the State National Bank & Trust Company died recently. A veteran Nebraska banker, Mr. Ley was director of banking in the State of Nebraska from January, 1971, to January, 1975.

Minnesota News

LUVERNE: Jeffrey A. Eitreim has joined the Northwestern State Bank of Luverne. He will work in the agricultural loan area.

MINNEAPOLIS: Northwest Bancorporation has made key officer promotions in the company's banking business and finance administration groups. Ronald D. McLellan has been named senior vice president, eastern banking division; John M. Eggemeyer III is senior vice president and controller, and Steven D. Almquist was appointed treasurer.

SOUTH ST. PAUL: Hoyt W. Lathen retired as senior vice president of Northwestern National Bank of South St. Paul on July 10. He began his 22-year banking career in 1957 in the bank's public relations department.

Illinois News

NORMAL: An application for a permit to organize the Commercial Bank and Trust Company here has been filed with the commissioner of banks and trust companies. The bank's capitalization of \$1.6 million would consist of \$600,000 capital stock, \$600,000 surplus and \$400,000 reserve for operating expense. Organizers include Wilbert G. Thielemann, Carlock; Larry Bielfeldt, Bloomington; Robert E. Kiper, Hudson, and J. Robert

James and William C. Yarger, Normal.

Colorado News

AURORA: B. Stephens Parker has been named president of Southeast State Bank of Aurora. He had served as executive vice president of the bank since it opened for business last November.

DENVER: Ronald E. Penn has been appointed a vice president at United Bank of Denver. He joined the bank last year and presently serves as manager of salary administration.

FORT MORGAN: Organizers of the proposed Fort Morgan State Bank, to be located near Main Street and Platte Avenue here, have filed an application for a charter with the state banking board. Organizers include Damon McMahon, Henry Kammerzell, Henry G. Trautwein Jr. and Eugene V. Doty, all of Fort Morgan, and Jane T. Wagers of Brush.

PUEBLO: James W. Johnson has joined Republic National Bank of Pueblo as senior vice president and senior loan officer, a newly-created position. Most recently he was associated with Continental National Bank in Englewood.

North Dakota News

FARGO: Arthur R. "Bud" Olson has accepted the position of president of the First Northwestern Trust Co. of North Dakota here. He most recently served as executive vice president of First Northwestern Trust Co. of South Dakota in Sioux Falls.

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South Dakota News

SIOUX FALLS: L. D. "Don" Andrews has been named manager of the Sioux Falls division of First Northwestern Trust Co. of South Dakota. Mr. Andrews, now a vice president, succeeds A. R. Olson.

YANKTON: David D. Gross, senior vice president and trust officer of the First Dakota National Bank here, has been named chairman of the trust committee for the South Dakota Bankers Association.

Wyoming News

LANDER: A charter for the planned Yellowstone State Bank here has been approved by the state bank executive. The bank, which will be capitalized at \$1 million, is pending charter approval from the FDIC. Orville Little has been designated president and managing officer of the institution, which is expected to open this fall.

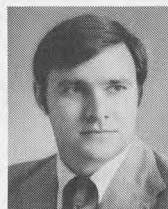
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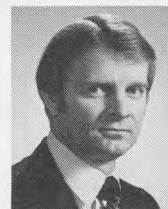


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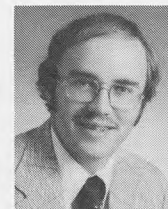
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Ralph Lampton
Asst. Vice President
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Jim McLaughlin
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234-2673

4 CHECKING ACCOUNTS . . .

[Continued from front page]

statement that will record all such transactions, Mr. Lydick stated.

Mr. Lydick said TMS Corp. plans to market the service in 30 other states in which it operates by offering the details of the account to current TMS licensees on a consulting basis. Each of those institutions, apparently, would then establish its own relationship with Chase Bank. At this time, the service is being offered only to First Federal personal accounts and not to commercial accounts.

Bankers Angry

Nebraska bankers statewide were hopping mad about the new service, maintaining that First Federal is illegally offering checking accounts to customers, a service currently authorized only for commercial banks. In addition, they maintain Chase Bank is illegally branching in Nebraska by use of this new device. The Nebraska banking department said at this time it has no jurisdiction in the dispute, since it involves federal institutions.

First Federal has 45 branches statewide and TMS works with 12 other institutions in the state—eight other savings and loans, two credit unions and two commercial banks. Mr. Lydick said the commercial banks licensed by TMS could be interested to the extent they would be offering interest-bearing checking accounts.

In the meantime, a United States Court of Appeals ruling in Washington, D.C., still stands regarding automatic transfer accounts. The three judges there ruled in April that automatic transfer accounts in any financial institution are illegal and must cease by December 31, 1979, unless corrective action to authorize them is taken by Congress. The judges stated that federal regulators exceeded their authority in authorizing automatic transfers from savings to checking. No action has yet been taken by Congress. □

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Bankers Service

LOAN ACTIVITY BULLETIN

Who: names of all debtors in the county recorded during the period
What: name of secured party
When: the date the loan was filed with the Secretary of State
Where: location where loan made



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POSITION WANTED

Ag loan officer experienced in Marketing, Commercial Credit and Correspondent Banking desires challenging position in Midwest or Western States. Write file GBD, c/o Northwestern Banker. (PW)

Entry level banking trainee position. Male, age 30. Bachelors degree with a major in social studies and minor in accounting. Masters degree in counseling and personnel work. Seven years experience as a teacher, counselor, and coach. Farm background. Phone (515) 473-3083. Craig Sinning, R. R. 2, Traer, Iowa 50675. (PW)

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PARTIAL LISTING OF AVAILABLE POSITIONS

VP COMMERCIAL LENDING-DM bank. Oppty for strong commercial lender to make solid career move. Will direct Jr. Officers. Salary \$28,000.

MANAGING OFFICER-Function as #1 for small bank in southern Minn. Must have strong ag lending exp. Can work into Presidency with minority interest. Salary in \$20's.

LENDING-You will be involved with agri, instalment & operations. Will be groomed to replace top mgmt. Salary in mid teens.

TRUST OFFICER-\$13MM trust dept located in NC la. Need 2-3 yrs exp in law practice or trust dept. salary \$26,000.

MKTG OFFICER-Looking for bank exp with BA in mktg. If you're goal oriented, innovative & creative, this may be your spot. Salary \$20,000.

HEAD OF COMMERCIAL LENDING-Large MW bank. Must have large bank exp including national accts & syndications. Be promoted in 2 yrs. Salary \$40,000.

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INSTALMENT HEAD-10MM department in 35MM bank located in western state. Need direct & indirect exper. \$20,000

CEO-Resort area. 50MM bank requires maturity and administrative skills \$35,000

COMMERCIAL LOAN-Major midwestern bank seeks addition to staff. Position will lead to division head \$35,000

TRUST OPERATIONS-Small trust department. Opportunity to assume administrative duties \$18,000

MARKETING DIRECTOR-Top management position. All operational functions plus personnel will report to you \$25,000

CREDIT ANALYST-Major metro area bank seeks head of credit department. 3-5 years experience preferred \$17,000

JUNIOR COMMERCIAL LOAN-Growing suburban bank. Lots of upward mobility. Prefer formal credit analysis background. \$20,000

To inquire about a change forward salary history and resume to:

TOM HAGAN & ASSOCIATES

Linda Blue Smith, President
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