Silver Plated
ICBA members have stayed with their favorite broker/dealer for a quarter century
By Jim Reber

Instead of the garden-variety walk down memory lane, recounting the price of a gallon of gas or who won the Best Picture Oscar, how about this batch of October 1989 financial trivia close to a community banker’s heart:

Prime rate: Dropped from 9.0 percent to 8.5 percent on Oct. 18
Fed Chairman: Alan Greenspan was in his third year
Total public indebtedness: $2.9 trillion (now $17.6 trillion)
10-year Treasury note yield: 8.00 percent
30-year mortgage rate: 9.95 percent, plus 2 points origination fee

It was into this environment that ICBA Securities commenced operations. Fresh off its successful negotiations with Jim Vining of Vining Sparks to provide it with all the necessary inventory, operations and background support, the ICBA captive brokerage-dealer for community banks strapped on its work ethic and went to getting busy.

ICBA Securities (then the IBAA Bankers Securities Corp.) actually had a customer incentive from the outset. Any community bank that bought or sold a bond for the first time in October 1989 through the company would be designated a Charter Customer, and the customer received a handsome walnut plaque proclaiming the bank as such.

The promotion was wildly successful. In the month of October 1989 alone, 191 community banks chose to transact business with ICBA Securities, and more than 70 of them are still utilizing its products and services a quarter of a century later. Within the first year of operations, more than 500 community banks started with ICBA Securities. Below are three of their stories.

Help for affiliates
The way Kent Carruthers remembers it, he couldn’t think of a reason not to patronize his national trade association’s in-house bond firm. With the late J.R. Nunn espousing the benefits of ICBA Securities, and since Carruthers was then the president of The Citizens Bank of Clovis, a $332 million-asset community bank in New Mexico. “Jonny Nunn was a big supporter of ICBA Securities, and it helped that they shared revenue with the state association,” Carruthers remembers.

“Their credibility came from the clearing broker [Vining Sparks] at the beginning,” he recalls. “Never got criticism from the examiners, even though it was a new broker. I think it also helped their visibility that Jim Vining would get on the road to come see us in our banks and at our conventions.”

As for his relationship with his ICBA Securities broker, who has been with Carruthers the entire 25 years, “he’s been excellent. He talks me out of bonds as often as he talks me into them.” Carruthers appreciates the candid viewpoint he receives. “I respect the integrity and knowledge I get. The recommendations are appropriate for our bank. It’s been good for both of us.”

Value added
Bill Schweighofer has been at

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—KENT CARRUTHERS, THE CITIZENS BANK OF CLOVIS

Director Training
ICBA Securities will sponsor ICBA’s 14th Annual Directors’ Conference later this month. The conference will be held Oct. 16-19 at the Omni Resort & Spa at Montelucia in Scottsdale, Ariz.
See www.icba.org/education for more details.
Honesdale National Bank in Honesdale, Pa., since 1975, in which time the community bank has grown from $25 million to $590 million. He has a vivid recollection about why he began doing business with ICBA Securities: its education resources.

“I’m a huge proponent of community banking and a big fan of ICBA since they’re the champion of community banking,” says Schweighofer, who at the beginning of 2014 was elevated to chairman of his bank. “I saw a flyer that indicated charter members could receive substantial discounts on educational events offered by ICBA Securities. I knew I needed some education and this seemed like a win-win. I could advance the cause of community banking while bettering myself.”

Schweighofer promptly picked up the phone, called an ICBA Securities broker and bought a bond. “That was the start of a longstanding relationship that I believe has been mutually beneficial,” he says. “But let me point out, it’s not just the securities that bring value to the bank.”

For example, Honesdale National avails itself of the services which complement ICBA Securities’ products. Recently, the bank adopted a host of value-added services that enable a community bank to adhere to new Dodd-Frank Act rules relating to the purchasing and monitoring of municipal bonds. “ICBA Securities helped us understand what the examiners expect of us,” Schweighofer says. “This was invaluable from a community banker’s standpoint. We’re trying to get a lot done in a short time.”

Seal of approval

At Pointbank in Pilot Point, Texas, Raymond David Sr. has been calling the shots since 1981. He is now the chairman of the $401 million-asset community bank in North Texas, in Denton County. His son, Ray Jr., is the president.

David remembers the ICBA logo and brand being on the press releases and literature as making an impression on him. “I think it was the fact that they were ICBA-owned that made a difference to me,” he says regarding his community bank’s status as a Charter Customer.

In terms of David’s business relationship with his ICBA Securities sales representative, who like many others has been servicing his clients for more than 25 years, he says it was a trial from the start. “I’ve got some portfolio investment stories,” David offers. “I remember back in the [President] Carter years, we were getting 16 percent [yields] in either five years or 10 years. I should have gone long.”

Nonetheless, David is pleased he initiated business ties with ICBA Securities. “This has been a good relationship. It’s hard to imagine we’ve used ICBA Securities for this long. We’ve kind of grown up together.”

Scores of other community banks feel the same way.

Fast Fact

The ICBA Bond Academy teaches community bankers how to design, build and maintain a high-performing investment portfolio. It began as the Graduate School of Bank Investments in 1991 and changed its format to the Community Bank Investment Institute in 1996. The 2014 version of the Bond Academy will be held Nov. 3-5.

See www.icbasecurities.com/iba for more details.

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