

Ronald Hutchins, a CU leader on all levels, and his wife Carol. The 1972 Annual Meeting was dedicated in their memory, and the credit union Person of the Year Award has since been named in his honor.



Carol E. and Ronald J. Hutchins

For a few months that year, the League was without a Managing Director. Between the departure of Harry McKinney and the arrival of his replacement, Robert L. Greene, the Director's duties were ably discharged by Larry Johnson, who was promoted to Assistant M.D. During Greene's two-year stint, total assets grew to \$442 million, and the League had a budget of \$152,000. By now, membership had replaced the number of credit unions (349) as the yardstick of growth, and ours was a healthy 437,000 by 1974; 15 staffers were serving them from the Greensboro headquarters.

CUNA had a new Managing Director too — Herb

Wegner — and among its innovations was a six-lesson correspondence course in Credit Union Management, developed in cooperation with the University of Wisconsin. In 1974, it began entering floats in the Tournament of Roses Parade as part of its National Advertising Program, to which members voluntarily contributed. Also that year, Congress passed the Employee Retirement Income Security Act, which included CUs among the institutions allowed to be trustees of IRAs and Keogh accounts.

Locally, the League held a CU Employees Training Conference, added financial counseling services, and helped credit unions attract new members with catchy promotional gimmicks. Pope AFB FCU, for instance, gained \$208,000 in share deposits by giving away \$4,200 worth of gifts.

As our credit unions grew more and more sophisticated, Greene kept reminding members not to forget credit union philosophy, without which we would lose our vitality. Some, he said, felt "concern for the welfare of our fellowman" was no longer relevant in a technological world. He cautioned against this attitude. "If we compete only for money," he wrote, "we are certain to neglect sharing, serving, and extending credit union benefits to more and more people. People, not dollars, are our greatest asset . . . We are harvesting the benefits of the purposes and practices embodied within our philosophy 20-30 years ago. This is tomorrow!"

## Chapter VII: 1975 - 1984

### The Fifth Decade

*"It's time for credit unions to discard the crutches of 'don't have time' — 'members don't need' — 'we'll have to increase interest rates,' etc., and start performing our duties commensurate with responsibility and opportunity"*

—Larry Johnson, 1982

During the "Me Decade," the nation watched a scandalous Administration crumble, celebrated the bicentennial, and marvelled over the rise of a peanut farmer from obscurity to presidency. Prices and interest rates seemed locked onto a permanent upward spiral — and credit unions were riding merrily along. Between 1971 and 1976, national assets more than doubled — to \$45 billion. On the fast track; full speed ahead!

Change was a fact of life by now. It was unusual if *The Carolinian* (new name for the "Bulletin") didn't announce at least one new program or service per month. In 1975, the change was in Managing



Larry Johnson,  
League President

Directors: John F. Johnston took over from Robert Greene. That was the year the League discovered Pinehurst, for burgeoning annual meetings, where President T. S. Elam appointed a twelfth committee called Programs, Policy and Future Planning to oversee those sometimes overwhelming changes, recognized 100 Founders, announced the publication of a League Directory and Operations Bulletin, and where the Awards Committee introduced its new Buck Hunter Club as a vehicle for recognizing good ideas. The affiliation ratio rose to 73 percent that year, as all 11 new CUs joined the League, and a record 20 re-affiliated. Also that year, the Raleigh-Durham Chapter changed its name to Tarheel, which subdivided into east and west divisions the following year; and CUNADATA began programming share drafts, while national dues rose to 13 cents per member.

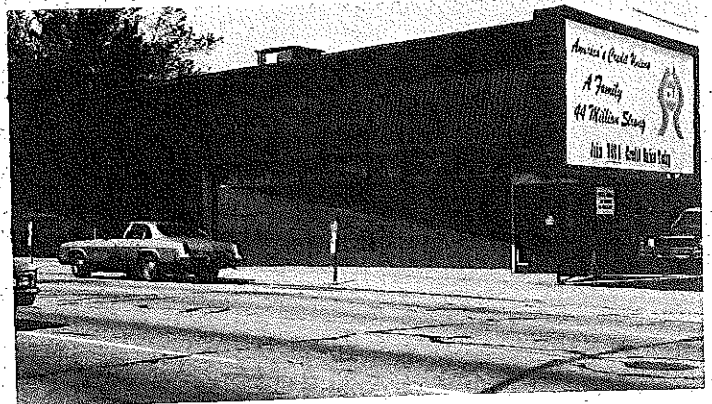
Two new departments came along in 1976. Offering such services as marketing, mailing, printing, supplies, data processing, cooperative purchasing of money orders and travelers checks was Member Services, which changed its name to Organization and Development later that year. And to handle the increasing volume of printed materials and media relations, the Publications and Public Relations Department was formed. Also, a League-Chapter Communication System was worked out to keep up with legislative actions, while any member could use the new WATS lines any time they needed to consult headquarters. Each issue of *The Carolinian* carried a profile of a different staff member under "Introducing Your Staff." There seemed to be a new one every month! Eleven more staffers would join the 18 then present by the time Johnston resigned in '78. By then, the Service Corporation was known as CuServe, wholly-owned subsidiary, listing 20 services to members ranging from operational surveys to discounts on encyclopedias.

Treasurer Tom Welch's Report of 1977 revealed a total net worth of \$146,100; and (taking his cue from the government?), expenditures of \$229,900 exceeded revenues by \$11,500. It turned out to be not as bad as anticipated: the deficit had originally been budgeted at \$37,000, but shrank after they decided not to borrow money to improve the facilities, as planned. Another \$20,000 was saved in personal and travel expenses. (No doubt these figures would have boggled the minds of our early leaders!)

The Board was meeting quarterly now, and it took two days for them to wade through the League's voluminous business, which also included that of First Carolina Central CU, the new name for League Central. Its assets climbed past \$5 million by 1978; and in 1981, its operation was turned over to First Telco CU of NC.

Among Board actions during the mid-70s:

- established the EFTS/ACH Committee to help credit unions adjust to these futuristic electronic whizzes — electronic funds transfer and automated clearing house;
- approved a pilot project to provide EDP accounting services to small credit unions;
- authorized sale of League-owned property along Interstate 40 east of Greensboro;
- initiated a statewide advertising and promotions program patterned after the National Advertising Program to which N.C. credit unions had contributed nearly \$14,000. The state program sought contributions at the rate of ten cents per member;
- expanded the Executive Committee to five, including one non-officer;
- fixed the third week in June as the preferred date for Annual Meetings;
- considered but rejected the formation of a state political action committee; this work was carried on by the State Legislative Committee (now separate from Federal), John Johnston and Larry Johnson in their new capacities as registered state lobbyists, and individual members. In 1977, the state's Credit Union Act underwent its first comprehensive recodification. The unanimous vote it received from the lawmakers, as well as Legislative Conferences and receptions, demonstrated the fine relationship we enjoyed with state government;
- approved the purchase of a new building on North Eugene Street in Greensboro, which became home in 1978. With 12,500 square feet, it was 3½ times larger than the Homeland Avenue office.



*League's present Eugene Street office.*

Kenneth C. Lane of Cone Mills had already served two terms as League President: 1972-74. He was returned to that office the same year Jimmy Carter ascended to another Presidency, and he remained there for the same period — until 1980 — when his title was officially changed to Chairman of the Board (the title of President inherited by the Managing Director). When he finally stepped down, he had



Ken Lane (left) receives "Credit Union Career Person of Year" award from Mike Clayton, 1983.

accumulated a total of seven years in the top office — more than anyone else, and again in this year 1984 has been re-elected to the Board. He was named Credit Union Career Person of the Year in 1983.

Another longtime office-holder, who served under Lane and six other Presidents, is Elizabeth "Sis" Hamilton. She was elected League Secretary in 1963, and has remained in that office to this day. She was the 1973 "Credit Union Person of the Year."

During Lane's tenure, members continued to increase their credit union-knowledge at such League-sponsored educational sessions as the Official Development Conference, a pilot program at Guilford Technical Institute, bookkeeping and Board of Directors' mini-schools, plus a Lorne Greene film, "Marketing Your Credit Union." Two special awards were given for the first time in 1977: Rep. Charles E. Webb was the first outsider to receive the Distinguished Service Award; and Stan Valis, one of 124 Founders, won a gold pin for organizing ten credit unions.

At the local level, more CUs were hitting the \$1 million mark (i.e., Sprague Ashe County, Methodist Ministers CUs); moving out of employer-provided offices into their own buildings, where they offered such conveniences as drive-up windows and safe deposit boxes (Ft. Bragg FCU, Rocky Mount CU); some were changing names (United Dairies became Dairymen, Hennis was renamed Spectra United Employees); and others were opening branches (with 37, serving 217,000 members, State Employees' CU had the most by far). And the train sped on . . .

"Convenience" became the name of the game, as banks kept luring customers with the prospect of full financial services all under one roof. An article in the May-June '78 *Carolinian* enumerated a long list of perks that might tempt members to take their deposits elsewhere: direct paycheck deposits, bill-paying services, instant access and transfer, credit cards, monthly statements, etc., etc. How could CUs compete with all that? The only things they seemed to

have going for them were their interest and dividend rates.

"Are you frightened, frustrated or angered by all this?" it asked, then went on to offer this advice: "ALL who choose the credit union movement must work together. Let's start thinking of ways that our current members can use their credit union as their primary financial institution. Let's give our CURRENT members services that are desired by them — not just easy for us. Let's create a future for ourselves. . . ."



CUNA Annual Meeting, late 1970s (l-r) front: Denver Mitchell, Ed Greer, Elizabeth Hamilton. Back row (l-r): Ken Lane and Larry Wilson.

By the time Larry Johnson was promoted to Managing Director in mid-1978, there were 351 credit unions in N.C. with 590,500 members; 254 of them were affiliated with the League. Assets were up to \$984 million, and the League budget was \$368,000. CUNA was building a huge new \$12.5 million office complex in Madison. Over the course of the '70s, assets increased more than 300 percent. There seemed no end to the growth . . .

Since moving to the spacious new Eugene Street building, the staff had been in the process of reorganization. Where once CUs complained of too few services, now they may well feel inclined to cry "Enough!" Although Johnson managed to reduce staff size to 25 without cutting services, each one's duties were so varied it was harder to keep them all straight. But never fear! The League's Mission Statement, award-winning Yearbook, Annual Meeting Reports and the *Carolinian* helped alleviate any confusion.

Among the many changes during the first two years of the '80s were these:

- N.C. credit unions pass the \$1 billion mark!
- Larry Wilson of IBM Coastal Employees FCU elected Chairman of the Board, 1980 to present.
- With 30 community CUs in N.C., the League



1980 Credit Union Week: League Chairman Larry Wilson (left) receives proclamation from N.C. Gov. James B. Hunt.

joins the National Federation of Community Development Credit Unions.

- FCUs were in a bind: By law, they were not allowed to charge more than 12 percent annual interest, while the prime rate had reached 17+ percent. Organized lobbying brings legislated relief.
- North Carolina is recognized by CUNA as having one of the nation's outstanding state credit union acts.
- League mission altered from one of servant-doing the work for CUs, to that of teacher/provider of information. Emphasis is placed on improving expertise and decision-making of CU personnel.
- Field Representatives evolve from generalists into specialists operating from the League office rather than the field; increased usage of WATS lines emphasized.
- A Dues Study Committee was appointed to review the League's dues structure and recommend equitable changes. Its new graduated dues schedule is approved in 1981.
- Two more associations, NARCUP (National Association for Retired Credit Union People) and the SRCUS (Southeast Regional Credit Union School) Alumni Association, make their entrances. Denver Mitchell would be elected to NARCUP's Board in 1983.
- J. Ruffin Bailey is hired as League Legislative Counsel.
- CuServe discontinues its printing and mailing services.
- League sponsors teller training program in five cities.
- TV viewers learn about the "Credit Union Family 44 Million Strong" thanks to a new national advertising campaign. (Today, we're closing in on 49 million.)

- S. Kenneth Davis, Goldsboro Firemen's CU, is honored as the first Volunteer Credit Union Person of the Year in 1981.
- A Membership and Development meeting for non-affiliates yields three new League members.
- Another cooperative opportunity: shared Automated Teller Machines.
- Financial Planning Services added to a revised Service Corporation portfolio.
- The League establishes its new League Education Center.
- The Youth/Family Involvement Committee is organized. To raise money for the introductory programs it creates for high school students, it would hold silent auctions at Annual Meetings.
- First Carolina Corporate CU, the "banker's bank" for credit unions, opens for business. In 18 months of operation, assets zoomed to \$48 million, and it implemented its "Permanent Capital Base" (PCB) system, "a movement-wide program in which individual CUs invest one percent of their assets in interest earning accounts . . . It offers a credit union a degree of ownership in the credit union financial system, a reasonable rate of return on the investment, and access to the full range of services in the financial marketplace. PCB is the method by which liquidity can be guaranteed." It eventually installed a terminal to interface with the Federal Reserve and electronically transfer funds. It now has assets of over \$240 million.



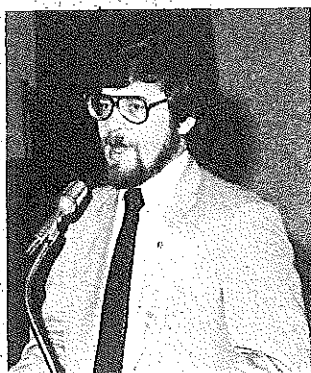
S. Kenneth Davis, 1st CU Volunteer of the Year, 1981.

Share drafts were catching on by now. An NCUA survey found 93 percent of credit unionists liked the idea. Nationally, one in five CUs accommodated them with this service, while in North Carolina, less than 10 percent offered share drafts, a prime weapon in fighting the new NOW accounts of certain other financial institutions. Among those that did were Duke and Wake Forest University FCUs, Carolinas Telco and IBM Coastal Employees FCUs. The latter, in cooperation with two IBM FCUs in other states,



launched a splashy campaign which netted 673 share draft accounts in just two months. Advantages included no minimum balance and no service fees; but maybe it was the free jogging shorts that really brought in the traffic!

A sad fact of life was evidenced in reports from CUMIS, the CUNA Mutual company which was writing over 21,000 credit union bonds. It had been suffering losses every year since 1976; they reached \$16.5 million by 1979. Because of forgeries, embezzlement and lack of faithful performance, "CUMIS has been forced to raise premiums on bond coverages ranging from 20 percent to 63 percent," said a 1980 report; yet "Even with the increase CUMIS bond coverages cost approximately 50 percent less than the lowest-cost commercial carrier . . . The prevention of losses, rather than increased premiums, is the long-range goal of CUMIS."



Steven Raver, NCUA  
Regional Director.  
Photo: 1980.

Another disturbing trend was noted by NCUA Regional Director Steven Raver in early 1981: "Liquidation activity in the (Southeast) region has escalated very rapidly." Perhaps this was due to the accelerating changes and complexities raining down from all sides. He suggested mergers as one alternative; creating new fields of membership, such as community charters, would be another. In fact, between mergers and liquidations, the total number of CUs began declining slightly: from a high of 362 CUs and 682,900 members in 1980 (a 56 percent increase over 1975), we now have **323 CUs and 758,000 members**, and an affiliation rate of about **83 percent**. One statistic, though, continues to rise: assets are now over **\$2.1 billion**; 98 percent of it is on the books of League members.

Congress exploded a bombshell in 1982 called the Tax Equity and Fiscal Responsibility Act, a monster that would require financial institutions, including credit unions, to withhold 10 percent of dividends and interest for Uncle Sam. It would cost the nation's 21,000 CUs at least \$100 million to implement. After a series of CUNA-led protests ranging from rallies at the Capitol to mass letter-writing, the Senate put the law on hold.

More recently, another Federal move has sent waves of uncertainty through the movement: Deregulation. After years of fighting governmental intrusion, some credit unions are now feeling the elimination of controls as a loss. Others, however, are welcoming the unprecedented freedom being presented to them. Through it all, both of our Larrys — Wilson and Johnson — are rigorously fulfilling the leadership roles entrusted to them, blending hard realities with healthy helpings of faith:

"[I wonder] why 135 credit unions in North Carolina ended 1981 with less shares/deposits than they had at the end of 1980; why less than 10 percent of the CUs in North Carolina offer members share drafts; why only six CUs belong to ACH; why only 44 of 349 CUs have signed to participate in the shared ATM Network; and why we have only 700,000 members in our CUs when over 1.7 million are eligible to join . . . It's time for credit unions to discard the crutches of 'don't have time' — 'members don't need' — 'we'll have to increase interest rates,' etc., and start performing our **duties** commensurate with responsibility and opportunity . . . Credit unions can no longer bask in the comfort that membership loyalty alone will sustain its existence . . . It takes a little work, and requires some inconvenience and investment of effort, but the dividends are priceless." — Larry Johnson, 47th Annual Meeting, 1982

"Some of our critics are not just forecasting our demise, they are wishing it. Our job is to prove them wrong. Sure, some of our credit unions have seen an outflow of funds and a decrease in loans. But so has every other financial institution in America. To assume that we will now slide backwards is to underestimate the true loyalty that we hold for each other . . . Remember . . . we are a people industry — not just a money factory." — Larry Wilson, January 1983



Larry Wilson, elected Chairman of the Board,  
1980-1984.

"The state of North Carolina's credit unions — defined as the North Carolina Credit Union League — is that we are **poised** to pounce on the springboard of deregulation and leap forward with confidence and determination. **Poised** to accept the responsibility of making necessary day-to-day and long-term decisions. **Poised** to provide services/programs that will enhance the credit unions' ability to successfully meet the needs of their members; and **poised** with the courage to determine our own destiny rather than blithely following the direction of other financial institutions."

— Larry Johnson, 48th Annual Meeting, 1983



Larry Johnson

Proud of our Past . . . Prepared for the Future

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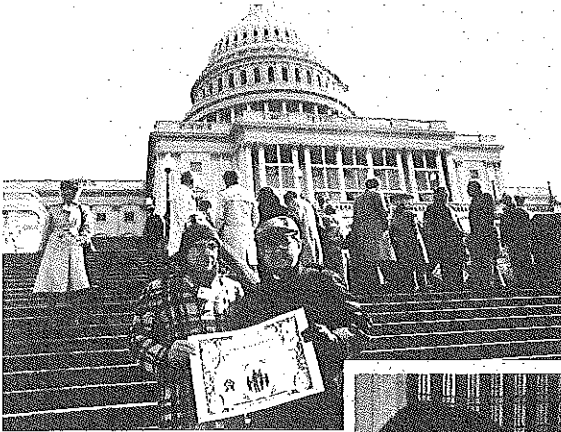
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## League in the Eighties



Washington, D.C. - Feb. 1983 "Save our Savings" Rally included 40 Tarheels.

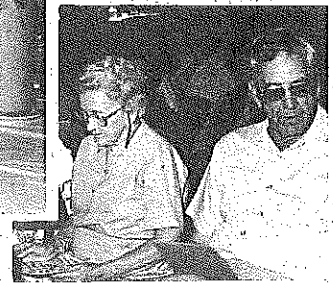


Appreciation resolution presented to N.C. State Rep. Charles D. Evans (2nd left), 1983.

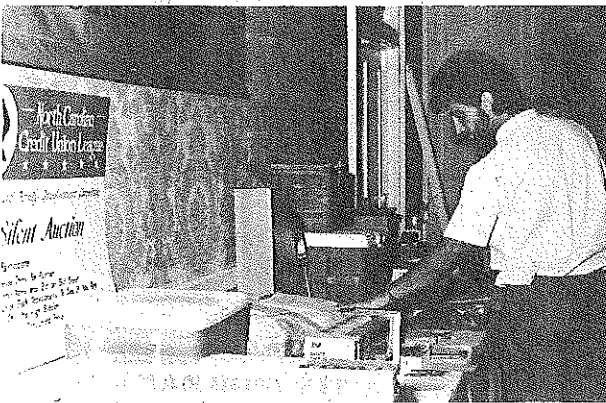
N.C. Credit Union Executive Society (CUES) panel discussion, 1983.



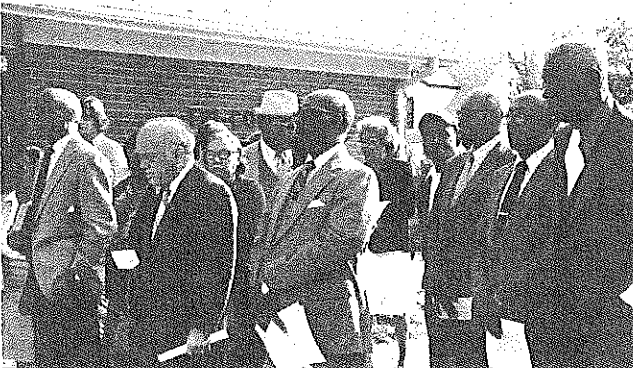
Roy High, N.C. Credit Union Division Administrator, in his Raleigh office, 1982.



Mary Alice Roberts and husband, Cecil, 1982. She was the first CU-sponsored CUNA School scholarship winner in '56; and remains active with Champion CU after nearly 50 years.

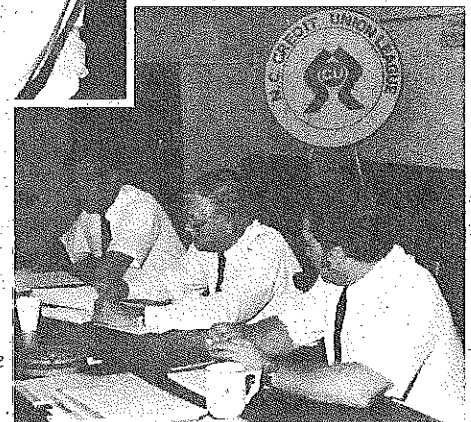


League's first Silent Auction fundraiser at Annual Meeting by new Youth/Family Involvement Committee, 1983.



Tri-County CU (Ahoskie) members stand proud and solemn at dedication invocation of new facility, 1982.

Joint League/CUNA Mutual Insurance Group Meeting, 1983.



## 1984 League Board of Directors

**Larry T. Wilson, Chairman**  
IBM Coastal Employees FCU

**Roger Honeycutt, Vice-Chairman**  
State Employees CU

**Brenda Pennell, Treasurer**  
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**Elizabeth Hamilton, Secretary**  
First Telco CU of NC

**Mildred Hodgin**  
Seymour Johnson FCU

**Bob Honeycutt**  
Charlotte Fire Department CU

**Kenneth C. Lane**  
Cone FCU

**David S. Putnam**  
Hanes CU

**John Schmittle**  
Bragg Civilian FCU

**Roger Shelor**  
Carolinas Telco FCU

**Marietta Smith**  
Telco CU of Asheville

**Joetta Whitmire**  
Olin Corporation Employees CU

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