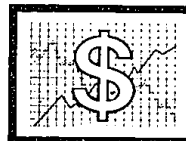


# Business

Marilyn Fitchett editor/591-2300

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## Stoddard ties social functions to business

By Tim Richard  
staff writer

To a businessman, a Stoddard family wedding "isn't all discussing how pretty the bride looks."

Stanford C. Stoddard took the witness stand himself this week to defend the expenses he ran up as chairman of Michigan National Corp., the bank holding company, from 1977 until his forced resignation in 1984.

Guests whose expenses he charged to MNC or one of its banks were "some of our directors, officers and people we were soliciting. We hoped they would think of utilizing Michigan National banks," he testified in a federal courtroom.

"There were people you can meet at social functions that would be hard to meet in their offices."

"Normally, if you called for an appointment, they'd say, 'Work with our treasurer's staff.'... the 55-year-old Birmingham banker said.

Business always was discussed at social gatherings, Stoddard said, "not because you sought people out, but they sought you out."

AFTER HEARING himself discussed for more than a month in the Ann Arbor courtroom, Stoddard took the stand in his own defense against U.S. Comptroller of the Currency charges he misallocated \$150,000 in bank funds (see related story on this page).

"There were no surprises," commented government attorney Ellen Broadman during a break in the hearing.

Comptroller wants to fine Stoddard \$500,000 and bar him from banking for life.

After telling his own biography — graduation from the University of Michigan business school in 1952, service in the Army in Japan and Korea, rising through the ranks of the banking system his father founded — Stoddard painted a word picture of the civic and social obligations of the banking "vocation."

He listed personal activities in, and/or corporate contributions, to the Grand Rapids Jaycees, theater groups, the Detroit Institute of Arts, DIA's private Founders Society, United Fund, chambers of commerce, Israel bond drives, New Detroit Inc., the Detroit Concert Band, Meadowsbrook and Japanese relations.

"The Citizens Research Council," he said, "today is a \$1-a-year tenant." He added that the Inner City Businessmen's Forum also pays the bank "a nominal rental below market rates."

MNC donations went to "churches, symphonies, schools, hospitals, major universities — a little bit of everything that banks would be asked to contribute to."

THE HEART of Stoddard's testimony was a point-by-point reply to the government's misallocation charges.

• The so-called "Nederlander reception" for the daughter of a MNC director in April 1982:

"I would break out the list of personal and corporate guests" and be reimbursed by MNC. The expense for the orchestra was charged to the bank's "business development account" by another officer.

**Stoddard said he often 'saw more people at social functions . . . than in the ordinary business day.'**

• His daughter Betsy's wedding reception at Bloomfield Hills Country Club:

Of the \$9,700 total, Stoddard said he personally paid more than \$9,400, charging less than \$300 to MNC.

At another point, he said, "I had the only membership at Bloomfield. Sometimes the corporate staff would put people (visiting business contacts) up there. I had no idea . . . until I saw the bill a month or two later."

Commenting on how business was conducted, Stoddard said he often "saw more people at social functions . . . than in the ordinary business day."

dard said he often "saw more people at social functions . . . weddings . . . funerals . . . football games, than in the ordinary business day."

Of a Battle Creek businessman Stoddard said, "Every time we got together, he'd ask me about the future of his company and the products produced."

And of a guest at another social function, Stoddard said, "Eventually we took over his credit lines, which amounted to tens of millions of dollars . . . I was his lending officer on that account."

He said a doctor whose dinner was charged to the company was "an unofficial medical adviser to MNC" who spoke to officers on "how to avoid heart problems and stress" and on trips "took care of directors and wives who had physical problems."

His in-laws were a legitimate expense, Stoddard said, because his father-in-law was an Adidas distributor for 20 states, borrowed tens of millions and was a director.

• The so-called "Greenwald reception" of November 1980 in Bloomfield Hills Country Club:

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## Government charges outlined

The U.S. Comptroller of the Currency, regulator of national banks, charges that Stanford C. Stoddard, chairman of Michigan National Corp. until mid-1984, misused some \$150,000 on his homes, on behalf of various Mormon churches, and on entertainment.

Here is an outline of the official complaint:

### HOUSES

• On Stoddard's residence at 2224 Yarmouth, Birmingham, bank employees spent 12 days working on landscaping, five days constructing a walk-in closet, repaired electrical problems and installed window air conditioners and did miscellaneous work.

• On his Harbor Springs residential compound in the last 10 years: in 1982, bank workers built a waterfront, beach breakwall and pond over three weeks; in 1983 they built a large walk-in closet in his mother's nearby home; in 1977 they remodeled the kitchen in his sister's home; and they did painting, landscaping and boat dock work over the years.

### MORMON CHURCHES

Bank employees did renovation and maintenance work on buildings that were, or were converted to, Mormon churches. "MNC-Detroit always suffered loss, and (Stoddard) often gained by this work . . . in that he purchased a building, had (bank) renovate the building, and then took a charitable contribution that was greater than the purchase price."

Churches which benefitted are in:

• Lapeer — \$15,000 in bank employees' time and

\$30,000 to third parties. "The property was owned by (Stoddard's) mother and was later donated to the Mormon Church."

• Charlotte — Stoddard purchased a building for \$36,000, bank employees renovated it, and Stoddard donated it to the church, listing a \$50,000 charitable contribution.

• Osoda — Stoddard purchased a building for \$15,000, bank employees renovated it, and he donated it to the church, taking a \$71,250 charitable contribution.

• West Branch — Same pattern as above.

### MISCELLANEOUS

• An apartment for Mormon missionaries was built at MNC-Detroit's credit center in early 1982.

• \$4,000 of his daughter's 1981 wedding costs were charged to the bank.

• Nearly \$10,000 of his son's wedding costs were paid by the corporation.

• Stoddard charged the corporation a total of \$5,800 for the majority of expenses for a 1980 dinner party for a friend who had remarried, and for a 1982 reception for the daughter of a director who was to be married.

• Stoddard tried to charge the bank half the moving expenses of his son and another student from Brigham Young University in Salt Lake City to MNC banks in Michigan where they were to work.

• The bank's spending \$17,000 to renovate a house on Alpine Street in Troy for a MNC employee "appears, at its best, as preferential treatment for a Michigan National bank employee at (Stoddard's) request. It is an unsafe and unsound practice . . ."



Annette Langwald: "Since deregulation took hold, there's been a myriad of airfares and restrictions. Agencies have a greater chance of slipping up, and more and more of them are folding."

## Specialized itineraries seen for travel agencies

By Carolyn Smith  
special writer

Annette Langwald wants her colleagues in the travel agency business to straighten up and fly right. That means harder work and more promotion and specialization for bigger profits.

Langwald, a 44-year-old West Bloomfield resident, is president of Elkin Travel in Oak Park and heads a subsidiary, Cruises Only! She is the newly elected president of the 300-member state chapter of the American Society of Travel Agents.

Elkin Travel, a Detroit-area travel service since 1948, came into Langwald's sole ownership in 1979. That was a year after federal deregulation of airlines began sending travel agencies into a tailspin with competitive airfares and increased restrictions. While many closed their doors, Elkin got bigger.

In the past seven years, Langwald has more than tripled sales from \$4.5 million to \$14 million and has increased staff from 18 to 57. On the agenda, she said, is more growth of her business both in and out of state.

Confident and enthusiastic, she shares her thoughts on success with associates: "Since deregulation took hold, there's been a myriad of airfares and restrictions. Agencies have a greater chance of slipping up, and more and more of them are folding."

"I can accept the premise that people going into the travel agency business can find a good location, hang a sign, deliver good service and develop a sense of loyalty among clients. But those things alone no longer will retain customers and make a profit. A good agency must be aware of alternatives," Langwald said.

tours for business people or senior citizens, or trips to different parts of the world. "Adventure travel" could include nature tours in Hawaii, treks through the Himalayan countryside or archeological expeditions in the Yucatan peninsula, she said.

A willingness to look at new ways to increase business, Langwald said, can help offset the lower commissions and higher operating costs that have existed under deregulation. "The travel agent who used to make an average of \$28 to \$30 a ticket is now lucky to make \$9 or \$10."

How does the agent combat this? Langwald said it's worthwhile to hire people to go after commercial accounts. It's also important to increase direct-mail promotion.

"The agent must make a commitment to spend more money to get more money," she said. Elkin Travel is computerized and divided into six service specialties that include corporate, international, vacation and group travel; incentive programs; meeting and convention planning; and cruises.

Cruises Only, which Langwald launched in 1983, was the first travel agency in the state to specialize in cruise travel. And although only 5 percent of all travelers ever take ocean voyages, the company has captured a sizable share of the market.

LANGWALD LISTED her goals as president of the American Society of Travel Agents. She wants to attract large agencies to ASTA membership to strengthen the industry's voice. She hopes to improve communication among agents, airlines, steamship and other travel lines. And she will encourage members to develop better promotions to enhance their businesses.

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## Your Right to Financial Independence

Public Awareness Seminar  
SATURDAY SEPTEMBER 27

8:30 a.m. - 2:00 p.m.

Oakland Community College

Orchard Ridge Campus

Orchard Lake at I-696

Co-sponsored by the Southeast Michigan Chapter of the International Association of Financial Planning, the Metropolitan Detroit Society of the International Association of Financial Planning, the Metropolitan Detroit Society of the Institute for Certified Financial Planners, Wayne State University and the Observer & Eccentric Newspapers.

National expert and regular panelist on "Wall Street Week in Review," Frank Capiello, will begin the day's events with an address on "Planning for a New Era: Economy, Taxes, and Investments," a timely examination of new or proposed tax legislation and its effect, what's not on Wall Street, and look at the economic future for investors.

Participants will also be able to hear leading financial professionals on major topics of investments, taxes, estate planning, business planning and much more, at a choice of breakout sessions offered during the day.

This timely seminar is open to the general public for a tax deductible admission charge of \$15.00 per person or \$25.00 for two.

Seating is limited.

For program and registration information, call

557-4665

