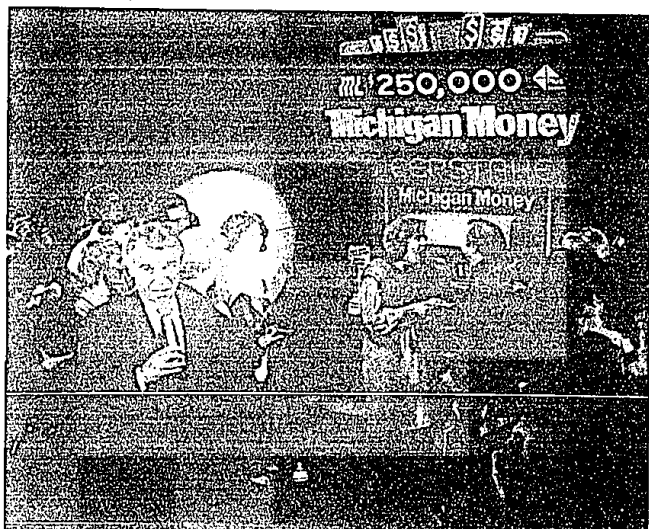


Marilyn Fitchett editor/591-2300

Thursday, June 12, 1986 O&E

(F1C)



Bank tellers star Staffers volunteer for TV ad

By Larry O'Connor
staff writer

The Michigan National Bank automatic teller in the Livonia branch at Five Mile and Farmington roads was a star.

So were several human employees who volunteered to take part in the bank's Michigan Money Sweepstakes commercial filmed at the Livonia location. The spot is currently aired on television.

The Five Mile-Farmington Road branch was picked from 30 sites to film the spot — mainly because of its location. Headquartered in Bloomfield Hills, the holding company has offices all over the state.

FINDING VOLUNTEERS — actually, they were paid \$1 — was easier. After a corporate memo was sent to all Michigan National Bank corporation offices requesting volunteers, 75 turned up. They came from as far as Port Huron and Flint.

But few shot their likenesses on TV. "We're all really in it," said Pat Sharp of Canton. "You just can't see us."

Margaret Schneider, who works at the branch at Six Mile and Newburgh roads, said she can be seen in

the commercial.

"It's kind of neat," said Schneider, who lives in Livonia. "A couple of customers said they thought they saw me. Now they're going to check to make sure it's me."

THE LEAD (two people in the commercial, shown using the teller and winning the jackpot in a game-show setting, are professional actors. The announcer is Lowell James, a former television news anchorman.

Some 60 actors auditioned for the parts of the couple. No auditions were required for the Michigan National Bank employees.

"They (the volunteers) were very cooperative," said director Ron Castorri of Castorri and Co. of Southfield. "Toward evening it got cooler, and we lost some people. Some weren't educated on how a commercial is shot. They just thought they'd show up, we'd shoot the commercial and be done in an hour."

Filming started at 4 p.m. and lasted until 3:30 a.m. It was shot late in the evening to give a dusk effect.

THE FIVE MILE-Farmington site was chosen for a number of reasons, according to Jim Berline, president of the Berline Group, which wrote

the script for the spot.

"It wasn't adjacent to any busy roads, so noise wasn't a problem," said Berline. "Plus the machine there is state of the art."

And there was plenty of parking space to handle the overflow of people and equipment.

According to those involved, filming went without a hitch. A couple of days of production meetings were needed to film the 30-second spot.

"It went very smoothly," said Castorri, whose company filmed the now nationally syndicated Detroit Zoo commercial. "There were no complications at all."

THE COMMERCIAL touts the bank company's \$250,000 sweepstakes. Every time customers type in a transaction at one of the Michigan Money 24-hour auto-teller machines, they receive a scratch-off game card with the receipt.

People can be become instant \$5,000 winners. Also by matching letters to spell "smart money," they become eligible to win a 1986 automobile, a power boat or a trip for two to anywhere in the United States.

Anyone who has a Magic Line card can use a Michigan Money teller machine.

Can you spot your Michigan National teller in the crowd? The master of ceremonies is former newsmen Lowell James. Professional ac-

tors play the money-winning couple and bank employees play the crowd roles.

Drexel 'bullish' on Michigan, 'junk bonds'

By Tim Richard
staff writer

The king of "junk bonds" has come to Michigan — but don't call them "junk" around Robert E. Linton.

"I'm consistently bullish on the bond market," said the chairman and CEO of Drexel Burnham Lambert Inc., the Wall Street brokerage firm that pioneered the use of high-yield bonds to finance the growth of medium-sized corporations.

The Drexel firm, which has been headed since 1977, also known for financing hostile corporate takeovers — "raids," critics call them. Linton said that's only 10 percent of his firm's business.

Linton addressed a friendly crowd in the Orchard Lake Country Club Tuesday as his firm officially celebrated the opening of its first Michigan office at 1400 N. Woodward, Bloomfield Hills.

LINTON IS bullish on the bond market because "inflation is not about to take off. Raw materials are in excess supply. Labor rates tend to be moderate; the union movement is under attack."

"Interest rates are gonna trend lower," said Linton, predicting one more round of redoubtable rate reductions by the Federal Reserve Board.

But he doesn't share the view of government officials and economists that the second half of 1986 will see a continued "solid upturn" in the economy, adding, "I hope I'm wrong."

As for the stock market, which others say will continue its rise above the 1,800 Dow Jones level, Linton smiled, "I cop a plea. My belief is it's gonna fluctuate." (Laughter) "There will be very wide swings. In a year, it will be about the same as it is now."

Two opposing forces are battering stocks, he said: disappointing business conditions and earnings on one side, lower interest rates on the other.

On top of that is the prospect that congressional tax reform will hike tax rates on capital gains. He's dead set against higher capital gains taxes but finds senators aren't listening to lobbyists these days.

NEVERTHELESS, Paul Jingozian, Drexel vice president and resident manager of the local office, sees Michigan as a "terrific market," despite political debate over whether the state has shed its image as nasty toward business.

"We opened the new office in January. We have 17 brokers, mostly vice presidents of their former firms. Eventually we'll have a 35-man operation," he said. "Each will concentrate in an area of specialty — mergers and acquisitions, buying and selling small companies, municipal bonds, corporate bonds."

"This area has a high net worth of individuals. There is a small corporation market. There is a large corporation market. There is an institutional market — life insurance companies."

"E.F. Hutton and Merrill Lynch's most successful offices are in Michigan. The productivity per account executive (measured by the number of assets under his control) is the highest in the country."

Repeatedly Jingozian used the word "creative" in describing what Drexel tries to do for companies and investors. Staff members are working on "a creative real estate trust." And despite depressed oil and gas production, they are picking up such assets.

"MICHIGAN IS the most misunderstood area in the U.S.," added Kurt Karmin, central regional manager for Drexel who takes credit for selecting this area for the firm's 39th American office.

"It's marvelous for our corporate finance department," Karmin said in an interview, looking beyond southeastern Michigan's image as an auto maker and toward robotics, medical technology, chemicals, gray iron, hardware, pharmaceuticals, paints and office machinery.

"Everyone talks of the South," he said, emphasizing "talks." But people who move to Phoenix still do their investment business in the Detroit area. It's not like buying groceries."

Karmin said Drexel handled Highland Park's waste disposal bonds. He sees this region as good for municipal bonds.

MAYBE DREXEL isn't biggest, Karmin said, but it's "probably the most profitable firm on Wall Street." In "seven years capital has risen from \$200 million or less to \$1.5 billion," he said.

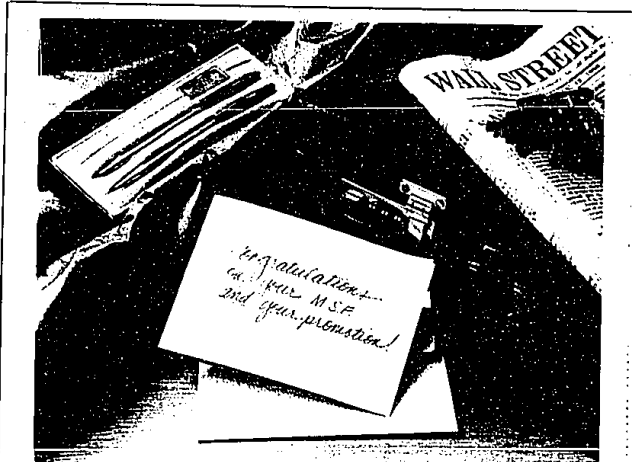
Its own stock is privately held — 74 percent of it in the hands of corporate officers, Linton said.

Chairman Linton was Institutional Investor magazine's 1985 man of the year. It wasn't so much for his own 40-year career, the magazine said, but because he's a "hands-on" boss who knows when to keep "hands off" — and he has kept hands off senior vice president Michael Milken.

Milken gets credit for sensing there was an untapped market for tens of thousands of companies whose debt couldn't be rated at investment quality — BBB or better. Scoffers called the term "junk bonds."

"THERE ARE roughly 25,000 corporations," Linton told the Orchard Lake audience. "Only 600 would qualify for that (BBB or better) rating."

"The rest used to raise funds through banks and insurance companies. Now they can issue bonds without the types of covenants they used to have."



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Senate tax reform bill more generous after 1987

Here's an analysis of the Senate Finance Committee's tax proposal by Seidman & Seidman/BDO, a Troy CPA firm.

• **Individual tax rates:** The proposal will eliminate tax deductions at the beginning of 1987 but will not cut tax rates until mid-1987. Consequently, the 1987 individual tax rate will exceed the quoted 27 percent tax rate without corresponding deductions. The plan would be considerably less generous to individuals in 1987 than in subsequent years.

• **Pensions, IRAs:** Many Americans, with the loss of the IRA deduction and the cutbacks in 401K (to \$7,000 allowable contributions), may find it much more difficult to fund their retirement. If the IRA deduction is eliminated, savings that have previously been poured into IRAs could end up in short-term stock holdings.

• **Interest and sales tax deduc-**

tions: Consumer goods industries could be hurt with the elimination of the consumer interest deduction (to the extent that it exceeds investment income) and the elimination of the sales tax deduction. The purchase of a car, boat or appliance becomes much more expensive particularly if the purchase must be financed with borrowed money.

It may be best to consider making major purchases now because people who are highly leveraged may find they can no longer afford to service their debt without the benefit of their interest deduction.

• **Capital gains:** Long-term capital gains will be taxed 7 percent higher than currently; taxpayers may want to re-evaluate their holdings and consider recognizing long-term capital gains in 1986.

• **Tax shelters:** Shelters may be hard hit if tax benefits are eliminated. On the other hand, those holding older shelter investments who received large tax benefits in prior

years — at a 50 percent rate or even a 70 percent rate — may now find those shelters burning out (producing taxable income). Their income would only be taxed at a 27 percent maximum individual rate, which could work to their advantage.

• **State tax code:** Many states will have to drastically alter their taxing systems since many states' tax laws piggyback the federal rules. • **Banking impact:** Elimination of IRAs will eliminate large pools of money that flow into banks and is then used for lending purposes. Eliminating this deduction could result in a loss of capital for the economy.

People will pay off bank credit card debt much faster if the interest deduction is not available. Loss of value in municipal bond portfolios as banks have large municipal bond portfolios that will be worth less as municipal bonds are required to yield more to achieve the same after-tax rate of return.