

Bank refuses Money Now checks; slow collection time, losses blamed

By Betsie Ammons

Bad check losses and slow collection time has prompted Gateway Bank to refuse to cash checks drawn on First Federal Lincoln Money Now accounts, according to a Gateway Bank official.

The Gateway Bank check cashing policy permits them to cash checks of non-customers for a 25-cent fee if the customer has two valid pieces of identification.

The Money Now account enables a customer to put money in a First Federal savings account to draw interest. A zero-balance checking account also is established at the New York Chase Manhattan Bank.

When checks are written they first are sent to Chase Manhattan, which in turn wires First Federal for money from savings funds to cover the checks.

John McLaughlin, a Gateway Bank vice president, said the nature of these accounts makes collection difficult.

The First Federal-Chase Manhattan transaction takes five days to complete, McLaughlin said, and the parties to whom the checks are written do not receive compensation during that time.

McLaughlin said in essence the checks are drawn on zero funds, and Gateway Bank would advance cash to customers on Chase Manhattan's promise to pay if they cashed the checks.

Also, McLaughlin said, First Federal will not make cash withdrawal from the savings account to cover bad checks if Gateway Bank returns them for payment. He said that presents a problem if they cannot contact the person who wrote the check.

GATEWAY BANK has received more insufficient funds checks on Money Now accounts than from any other bank in Lincoln, McLaughlin said.

Vern Roschewski, a First Federal-Lincoln senior vice president-treasurer said he sees no difference between the Money Now account and zero-balance checking offered by banks.

Zero-balance checking accounts work the same as Money Now, with a separate savings account collecting interest and a checking account which contains no money until a check is drawn on the bank. However, the banks handle both accounts within the same institution.

Roschewski refused to offer an opinion about Gateway's refusal of the checks because of a lawsuit pending between Nebraska banks and First Federal Lincoln contesting Money Now.

However, he said he thinks their action "is due to the competitive nature between the two financial institutions.

"Isn't it strange how banks react if you do not have an account with the so-called brotherhood of bankers?" he asked.

Although no hearing date has been set in the suit, Roschewski said he thinks the matter will be settled by expected federal legislation legalizing Now accounts in savings and loan institutions.

ROSCHEWSKI SAID First Federal cannot compensate for insufficient funds checks by making direct cash withdrawals because the customer does not receive notice that his check has cleared unless it is taken through Chase Manhattan.

At First National Bank of Lincoln, Money Now checks will be honored only if the customer has an account at the bank, according to Ross McCown, FNL vice president and manager of customer service.

McCown said non-customers who wish to cash checks on banks others than First Federal have only a slim chance of being satisfied.

At the National Bank of Commerce, non-customer checks are cashed for up to \$25 for students. There is a 50 cent charge on all non-customer checks.

Tom Potter, an NBC executive vice president, said the policy includes First Federal Lincoln checks.

"We have not altered our policy for these checks," Potter said, but added that it is "something to be considered."

Union College radio increasing wattage

Union College radio station KUCV-FM will be increasing its wattage from 10 watts to 20,000 watts.

Doug Morgan, program director for KUCV-FM, said KUCV applied for the wattage increase last May from the Federal Communications Commission.

In order to be eligible for a wattage increase, Morgan said the radio station must apply for a frequency increase that won't legally interfere with other stations, and must prove that the station is financially solvent.

With the wattage increase, Morgan said the station would be able to broadcast in a 40-mile radius instead of a ten-mile radius.

Morgan said because of what he considered quality programming before the wattage increase, nothing would be changed in future programming. He said the 12 student employees would continue to broadcast classical music because of the demand and would also continue to broadcast public affairs, especially in the Union College community.

UNL's radio station, KRNU-FM, currently is running on 10 watts, but will probably apply for an increase, according to Peter Mayeux, program director for KRNU-FM.

Mayeux said KRNU has about a 20-mile broadcasting radius and employees about 75 part-time announcers and 35 news reporters.

KRNU is now re-broadcasting some programming from UNO's radio station, KUNO, Mayeux said, and is using computerized logs for certain segments of broadcasting, which saves time and money.

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