

NEWS BULLETIN

from **NORTHWESTERN
Banker**

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Congress Starts Hearings On Fed Rate Action Today

"I think the Congress should move immediately in the Second Session of the 89th Congress to put an end to Fed Chairman William McChesney Martin's power to thumb his nose at the President, the Congress and the American people."

This is the recent statement made by Wright Patman (D. Texas), chairman of the House Banking and Currency Committee, who has announced that an investigation will start today into the Federal Reserve Board's discount-rate rise. The hearings will be held by the Joint Congressional Economic Committee.

The Fed, directly defying the Johnson Administration, raised the discount rate to 4½ per cent from 4 per cent to head off inflation following requests by New York and Chicago Fed Districts. At the same time, it said member commercial banks may pay as much as 5½ per cent annual interest on certificates of deposit and other time deposits maturing in 30 days or more. Previously, the limit was

4½ per cent on those of 90 days or more and 4 per cent on those of 30 to 90 days' maturity. The interest rate ceiling on savings accounts at commercial banks was left unchanged at 4 per cent. Other Fed districts, meeting separately were expected to follow suit.

The Federal Deposit Insurance Corporation approved the Fed ruling and raised to 5½ per cent the maximum rate which state banks may pay on time deposits but urged the banks to use "utmost caution" in putting higher rates into effect.

The Fed vote to raise the discount rate was by only a 4 to 3 margin. C. Canby Balderston was one of the four voting in favor of the increase, and his term expires in January. President Johnson will have an opportunity to name a successor whose thinking is more in line with that of the Administration.

Most of the larger banks in the major financial centers have increased their minimum lending rate from 4½ to 5 per cent. Ma-

ior banks in New York, Boston, Los Angeles, Philadelphia and Chicago have raised their quoted rates on certificates of deposit. Some newly posted rates went as high as 4.75 per cent, but all were under the new ceiling.

Concern is being expressed by a number of well-known country bankers and by supervisory authorities that the sharply increased maximum interest rate might tempt some banks to offer a much higher interest return for such deposits, thus tending to drain CD money from other banks. This could be a serious threat to banks who have acquired "new money" during the past year or so and increased their loan volume accordingly.

FDIC Chairman Randall stated that "banks in money-market centers may feel under pressure to move to a somewhat higher rate structure implied by the boost in the interest-rate ceilings, but smaller banks should be under no compulsion to follow suit, because of the different circumstances under which they operate." It is true that rural banks are not necessarily affected by the prime rate, but they could be affected

(Continued back page)

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IOWA NEWS

ADEL: H.B. Jacobson, president of the Dallas County State Bank, has announced the move of Vice President Leland Goodrich from the Redfield Office to Adel. Lee Struble, assistant cashier, will manage the Redfield Office.

ADEL: Mrs. Orville Wagner, an employee of the Brenton State Bank for nine years, has been elected assistant cashier.

COUNCIL BLUFFS: The First National Bank is constructing a new drive-in facility near Manawa, according to President Dale Ball.

DECORAH: Robert Duden, vice president and cashier at Security Bank and Trust Company, has been elected the president of the local Chamber of Commerce.

INDIANOLA: Don Russell has been elected assistant cashier at Peoples Trust and Savings Bank.

INWOOD: H.A. Henrickson, director of the Inwood State Bank, has been named Citizen of the Year by the local Kiwanis Club.

IOWA CITY: The First National Bank plans a drive-in office at the Towncrest Shopping Center.

JEFFERSON: Jim Meyer, agri-

cultural representative for the Home State Bank, recently received his master's degree in agricultural education.

OSAGE: Miss Margaret Hendry, receptionist and secretary at the Home Trust and Savings Bank, has completed 25 years there.

RED OAK: Lewis Lowe, 35, assistant vice president at the Houghton State Bank, has been named president-elect of the local Chamber of Commerce.

RIVERSIDE: Approximately 1,000 persons attended the recent open house at the new Peoples Trust and Savings Bank building.

NEBRASKA NEWS

LINCOLN: Robert Crosby, one of condemned killer Duane Earl Pope's court-appointed attorneys, has reported that a motion for a new trial would be filed. Pope was convicted and sentenced to die in the electric chair for killing three persons in the Big Springs bank robbery which took place six months ago. His conviction and sentencing came Friday, December 3.

OAK: Thieves broke into the Scroggins and Company Bank recently, looting safe deposit boxes and making off with at least \$200 in cash.

It marked the third time the bank had been broken into since its founding in 1898, according to J.L. Scroggin, bank president.

OMAHA: The Omaha Chamber of Commerce has honored Harry A. Stanley, the cab driver who was instrumental in assisting police in the apprehension of Gregory A. White, convicted robber of the First National Bank of Omaha. F. Phillips Giltner, executive vice president of the bank, presented Mr. and Mrs. Stanley with a check at a special luncheon.

OMAHA: The South Omaha Stockyards National Bank has also presented an award to cab

driver Stanley for his heroic action. Mr. Stanley has two children, a daughter and a son who is an Army Chaplain serving in Germany.

OMAHA: From the more than 35,000 official entry blanks deposited during First National Bank of Omaha's Fabulous Football Fanfare, the lucky first prize winner was Myron J. Bena, an employee of the Union Pacific Railroad, who won a trip to the Orange Bowl for himself and his wife on New Year's Day.

ST. EDWARD: The Bank of St. Edward has increased its capital to \$50,000.

WAUSA: The Commercial State Bank recently celebrated its 40th anniversary. N.T. Tie-mann, president of the bank since 1957, is a candidate for governor of Nebraska.

MONTANA NEWS

HAVRE: Richard Bohn has been elected an assistant cashier at Citizens Bank of Montana.

HELENA: William B. Andrews has been elected president of Union Bank and Trust Company, succeeding John Carlson, who was elected chairman of the board.

MINNESOTA NEWS

ADA: The board of directors of the Ada National Bank was reorganized recently and L.J. Peterson was named chairman of the board and president of the bank, succeeding the late A.A. Habedank.

CLOQUET: The First National Bank has increased its surplus account to \$600,000 with the transfer of \$100,000 from the undivided profits account.

GREEN ISLE: Mrs. Lydia Masemann, assistant cashier at Citizens State Bank, died recently. She had been employed by the bank for 25 years.

HIBBING: Richard A. Maki,

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FRASER
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formerly assistant cashier at The First National Bank, will join The Batavian National Bank, LaCrosse, Wisconsin, December 27, as assistant vice president.

KENYON: Duane Schaper and David Redfield have been elected assistant cashiers at Security State Bank.

OAKLAND: Robert J. Sapp has been named vice president and assistant manager at Crocker-Citizens National Bank main office here.

PRESTON: Wils A. Garratt, president of the Farmers and Merchants State Bank, has been appointed a member of the Country Bank Operations Committee of the American Bankers Association.

MINNEAPOLIS: The First National Bank headed a group which recently purchased a \$2.5 million bond issue of the City of Rapid City, South Dakota, the bank has announced.

MINNEAPOLIS: Directors of First Hennepin State Bank have voted to increase the surplus account by \$50,000 to \$200,000.

MINNEAPOLIS: Calvin A. Merriman has been appointed sales manager of J.M. Dain & Company.

MINNEAPOLIS: Several meetings have been scheduled this week by the Federal Reserve Bank of Minneapolis for the purpose of explaining its functional cost analysis program. Conferences slated for the upcoming week include the following: Tuesday-Holiday Inn, Eau Claire, Wisconsin; Wednesday-Kahler Hotel, Rochester; Thursday-Inn Towne Motel, Mankato and Monday(December 20)-Federal Reserve Bank, Minneapolis.

SOUTH DAKOTA NEWS

ALPENA: Officials report a recent unsuccessful attempt to break into the Alpena American State Bank.

BOWDLE: Open house will be held by Bowdle State Bank on December 19, in its new building. Party for correspondents and bankers will be December 17, according to officials of the bank.

HOWARD: Funeral services were held Thursday for Arthur S. Thompson, president of the Miner County Bank.

NORTH DAKOTA NEWS

HILLSBORO: Leonard Beal, president of Northwestern State Bank, has retired from office. He will continue as a director of the bank.

COLORADO NEWS

DENVER: Encroachment of federal authorities into the traditional domain of the individual states has 'almost, if not entirely, caused the nation's dual banking system to become a thing of the past,' the president of the Colorado Bankers Association has charged.

C.B.A. President Paul L. Rice, president and chief executive officer of two Loveland banks, was backed by Colorado Bank Commissioner Harry Bloom who blames U.S. Comptroller of the Currency James J. Saxon for preventing the opening of a new Colorado Springs bank, which the Colorado Bank Board approved approximately 17 months ago.

DENVER: The election of John J. Vance to the board of directors of the Bank of Denver has been announced by President Walter C. Emery.

DENVER: Western National

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Bank last week celebrated its second anniversary in business and its first anniversary in its new quarters.

DENVER: Merriam B. Berger, chairman of the board of the Colorado National Bank, was last week awarded a silver tray, commemorating his 45 years of service to the bank.

GLENWOOD SPRINGS: Gene Curtis has been appointed assistant vice president of Bank of Glenwood.

LAMAR: The resignation of Gordon Burton as president and director of the Valley State Bank was announced recently. J. Elmer Facer, until recently a vice president of Denver U.S. National Bank, was appointed to succeed Mr. Burton.

WYOMING NEWS

AFTON: Star Valley State Bank has initiated a contest built around its newly-installed time and temperature sign whereby contestants will be requested to estimate when the sign will first record a reading of 25 degrees below zero.

JACKSON: F. Buchenroth, chairman and president of the Jackson State Bank, died on Friday, December 3.

LARAMIE: Ground has been broken for the new American National Bank.

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LATE NEWS

ST. PAUL, MINN.: Gerald P. Nichols has been advanced from assistant cashier to assistant vice president at The First National Bank of St. Paul. James P. Peiffer, Donald L. Swanson and David M. Hyduke have been elected assistant cashiers.

FED ACTION...

(Continued)

if savings start to flow to money-market centers due to the difference paid on time money.

Headquarters for the American Bankers Association issued a statement congratulating the Federal Reserve Governors for their action, apparently without actually polling its members. Headquarters for the Independent Bankers were inclined to withhold a statement, pending talks with members.

NATIONAL NEWS

MONTREAL: Richard J.P. Pierce has been appointed Far East representative, resident in Tokyo, Japan, for the Bank of Montreal. David B. Jewell and Derek Whittle become vice presidents of the Bank of Montreal, California, and William

M. Mader has been appointed an agent in the bank's New York agency.

NEW YORK: Election of Sidney Lanier and Frank B. Smeal as senior vice presidents of Morgan Guaranty Trust Company has been announced by Thomas S. Gates, chairman of the board. Both were formerly vice presidents.

NEW YORK: George W. Coleman, economist for the Mercantile Trust Company, St. Louis, will join the staff of The American Bankers Association on January 1, as economic adviser, according to Dr. Charles E. Walker, executive vice president of the association.

NEW YORK: John W. Bergford has been appointed senior vice president of Chase Manhattan Bank.

NEW YORK: William N. Ashbey has been named assistant vice president, investment advisory, at Bankers Trust Company. F. Malcolm Graff, Jr., has been named trust officer, personal trust.

NEW YORK: The Metropolitan Life Insurance Company has advanced Eugene A. Schmidt from vice president to senior vice president in charge of

bonds, stocks and banking.

PITTSBURGH: It has been announced by A.M. Piviroto, Sr., president of Continental Commercial Corporation, and Francis J. Conway, chairman of Thorp Finance Corporation, Thorp, Wisconsin, that an agreement has been arrived at subject to the required approval by stockholders of both companies for the merger of Continental into Thorp.

SAN FRANCISCO: Clint Matriosciano has been promoted to assistant vice president in Bank of America's East Bay area administration program.

ST. JOSEPH, MO.: Roger A. Hegarty has been promoted from cashier to vice president and assistant to the president at the First National Bank. Jack F. Killackey will assume the duties and title of cashier in addition to that of vice president. Benton O'Neal has been advanced from assistant vice president to vice president in the correspondent department. Don F. Barnes was promoted to assistant vice president.

WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.

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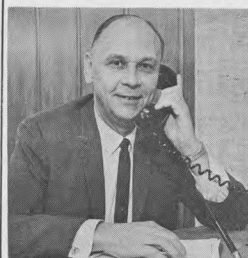
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