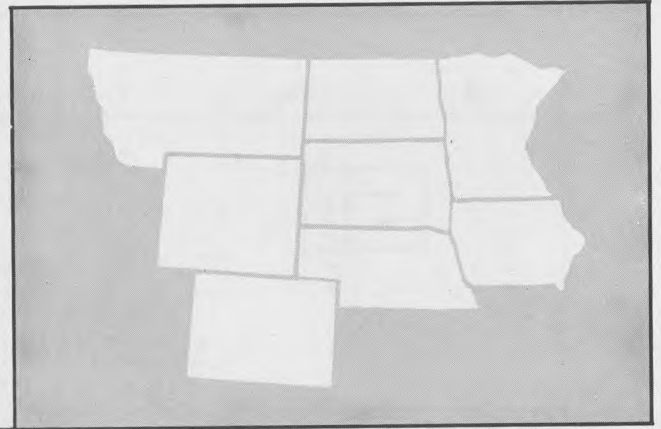


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 959

Des Moines, Iowa

March 14, 1966

Money Supply Continues to Drop As Interest Rate Increases Persist

Although increased interest rates on CD's and savings appear to be gradually widening like the ripples from a rock tossed in a pool, the supply of lendable funds is reaching a critical point in many money centers. Loan demand from businesses continues at a high pace and seems insatiable. In a late report, the Federal Reserve of New York reported that net borrowed reserves of member banks for the preceding five-week moving average was \$127 million. Just one month prior to that report, the total was only \$29 million.

Chicago bankers likewise report a critical scanning of every single loan application, with money being apportioned only to approved borrowers and in specific amounts by very top authorities in several of the key banks. Greater selection in loan customers and amounts is general throughout the nation.

Whether the step-up in rate on CD's to 4½ per cent will attract the money needed to satisfy loan demand remains to be seen. Federal Reserve officials reportedly are looking hard at further tightening of credit to inhibit inflation.

On the aggressive side, the move upward in savings and CD rates is being conducted hop-scotch fashion in many areas and states. The immediate move to 4½ per cent CD's, and even higher return when funds are compounded, by Minne-

apolis banks has spread through much of Minnesota. Omaha and Lincoln banks generally went up to 4½ per cent CD's in December when the state banking director followed suit with the Fed and FDIC in increasing the ceiling to 5½ per cent.

This pressure from the west and north boundaries of Iowa has triggered 4½ per cent CD announcements in several parts of the state of Iowa. The move to 4½ per cent spread eastward from Council Bluffs and last week was reported at Atlantic. One major Des Moines bank and one smaller one made a similar move in late February, followed by three outlying Des Moines banks and four in adjoining counties. When one Ottumwa bank went to 4½ per cent CD's (the first east of the Council Bluffs area to do so), the other Ottumwa major bank later announced the new rate. A move to 4½ per cent took effect at the start of the month in N.E. Iowa, which felt considerable pressure from Minnesota bank advertising. Decorah State offers 4½ per cent on 12-month CD's, and 4-5/8 per cent on 12-month CD's in minimum amounts of \$10,000. West Union and Waukon followed suit. Last week, some banks in Scott and Muscatine counties raised their rates. Major banks in Cedar Falls and Waterloo also raised CD rates to 4½%. Dubuque & Cedar Rapids banks remain at 4%.

In Denver, the larger banks, at least, are all at 4½ per cent CD's with rates going up to 4.85 per cent on 2-year CD's, and some even to 5 per cent with compensating balances the deciding factor. Rate increases generally have not been in Wyoming, Montana and North Dakota.

The South Dakota Banking

(Continued on back page)

LEY GOVERNOR CANDIDATE; DUNN NAMED STATE DIRECTOR

Henry E. Ley, 62-year old director of banking in Nebraska, resigned that post last Friday after filing as a candidate for nomination as Governor on the Democrat ticket in the upcoming primary race. Mr. Ley, who took office February 1, 1964, will oppose 32-year old Lt. Gov. Philip Sorensen in the May 10 primary, who has been campaigning for some time. Mr. Ley is president of the State National Bank in Wayne.

Governor Morrison Wednesday named Byron Dunn, retired chairman of the board and president of National Bank of Commerce Trust, Lincoln, as Mr. Ley's successor.

Mr. Dunn, 78, is a Republican. He was described as "one of the soundest and most knowledgeable bankers in the state" by Governor Morrison.

In the Republican primary, one of the leading candidates for the gubernatorial race is N. T. Tie-mann, president of Commercial State Bank at Wausa. He is opposed by Val Peterson, a three-time Governor of the state, Henry Kuhlmann and Albert Hahn.

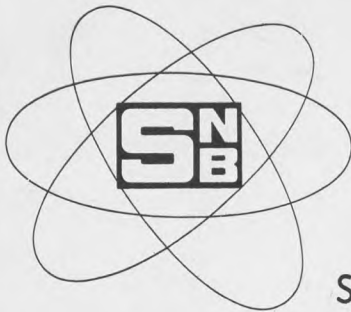


Bob Buenneke, George Harnagel, Ben Eilders,
Jerry Nelson and Dale Luckow.

*We're here to help
you get what you want*

**IOWA-DES MOINES
National Bank**

SIXTH AND WALNUT • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • CH 3-1191



Yes, we are electronics minded . . . but it hasn't changed our "first name" relationship with our banker friends. Give us a call when you need some personal service.

SECURITY NATIONAL BANK
SIOUX CITY, IOWA MEMBER F.D.I.C.

IOWA NEWS

APLINGTON: Michael K. Campbell, Clarion, has joined The State Savings Bank as an assistant cashier and manager of the bank's insurance department.

JEFFERSON: Stockholders have voted to increase the capital stock of the Home State Bank from \$100,000 to \$200,000 and to transfer \$50,000 from undivided profits to the surplus account.

MASON CITY: Fred C. Heneman, 73, retired president of the First National Bank, died recently. Sent to Mason City in 1931 by the Northwest Bancorporation, Mr. Heneman began his banking career in 1914 as vice president of First National Bank, Balaton, Minnesota.

NEVADA: Top officer changes made at Nevada National Bank recently included: Ray McHose, from chairman to honorary chairman; his son, Sam McHose, from president to chairman; Kermit J. Anderson, from executive vice president and trust officer to president, and Don C. McHose, from assistant cashier to vice president.

NEW PROVIDENCE: First National Bank of Eldora has been granted approval for an office to be established in New Providence.

SIGOURNEY: Robert G. Marget will become president of the Keokuk County State Bank and J. J. Marget, president of the bank for the past decade, will become vice president. Effective April 1, as has been reported earlier, J. J. Marget will become president of the Epworth Savings Bank, Epworth, Iowa. He will devote his time to both institutions.

NEBRASKA NEWS

A recent audit of the State Treasurer's Office has resulted in a Nebraska controversy concerning implementation of the state's cash surplus. The audit revealed that State Treasurer Fred Sorensen, Omaha, has reinstated the policy of placing state funds in non-interest bearing open accounts in several Nebraska banks. The audit of the treasurer's office for the previous year showed no deposits, for other than clearing purposes, in any such open accounts. The more recent audit showed that \$800,000 had been deposited in 11 eastern Nebraska banks--\$550,000 since September 1. Mr. Sorensen noted that the banks are not paid by the state for handling and clearing state warrants. He also explained that bankers report "money is tight" and that he feels the funds should be kept in Nebraska rather than being invested in U.S. government securities.

FREMONT: Dalton Benson has joined the installment loan department of the Fremont National Bank. He had been vice president and secretary-treasurer of Federated Finance Company, Lincoln, and manager of the Fremont finance office.

LINCOLN: Stanley Maly, 85, retired vice president of the First National Bank of Lincoln, died recently. Mr. Maly had been president of the City National Bank when it was merged, in 1928, with the First National. He had retired in 1946.

OMAHA: Richard M. Brown, 64, auditor of the United States National Bank, retired recently after having been associated with the

bank since June 1, 1917 when he was 15 years of age.

OMAHA: First National Bank will hold its first correspondent Chuck Wagon Round-Up Thursday, March 24, at Ak-Sar-Ben.

MINNESOTA NEWS

ALBANY: Stearns County State Bank has received the national bank charter for which it applied. The bank's name has been changed to Stearns County National Bank.

CANNON FALLS: J. O. Hagen has been promoted to vice president and cashier at First National Bank. Laurence Sahagian, general manager of Kid Duds, local manufacturing firm, has been elected to the bank's board.

DOVER: Donald E. Morrison, 36, Eyota, has purchased the controlling interest in the First State Bank here. Mr. and Mrs. M. E. Comingore, from whom Mr. Morrison made the purchase, will remain as president and vice president, respectively, of the bank.

FULDA: R. E. Howe, son of President R. P. Howe, Citizens State Bank, has been elected to the bank's board of directors.

MARSHALL: Douglas Bultman, former assistant Lyon County extension agent, will join the staff of the First National Bank of Marshall tomorrow as assistant agricultural representative.

NAVARRE: Joseph H. Nordlund, Excelsior, has been elected assistant cashier of the First National Bank of Navarre.

LAKE CITY: Ray Kalow has been elected president of the Lake City State Bank, succeeding Thomas Scallen, former president and board member, who resigned to devote more of his time to other business interests.

LEWISVILLE: Clifford Sparks has been elected executive vice president and Herman Heckman has been elected vice president at Merchants State Bank.

MINNEAPOLIS: Clinton Morrison, vice president and executive trust officer, First National Bank, has been elected a director of the Chamber of Commerce of the United States.

MORRISTOWN: Stockholders have voted to increase the capital stock from \$25,000 to \$50,000 at State Bank of Morristown.

ST. PAUL: Northwestern National Bank has announced plans for a new \$5 million 14-story building in the Capitol Centre urban renewal area of downtown St. Paul. Con-

Proud of our heritage of service to
Iowa banks, we're building at 6th & Locust
for an even greater tomorrow.

Central

NATIONAL BANK AND TRUST COMPANY

Member Federal Deposit Insurance Corporation



1st LINCOLN ...First in Transit Service

FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN
12th & N Street • LINCOLN, NEBRASKA • Member: F.D.I.C.



struction is to begin this year, with occupancy planned for early 1968.

VIRGINIA: Paul Q. O'Leary, attorney, and Fred A. Teller, accountant, have been elected directors of the First National Bank of Virginia. Dr. L. C. Krause has retired as a director.

WILLMAR: Cameron A. Peterson, an employee of the bank since 1942, has been named cashier of the Bank of Willmar. Mr. Peterson succeeds George Walker, a member of the bank's staff for 45 years, who recently retired.

WILLMAR: W. E. Lindberg, president of the Bank of Willmar for the past six years, has resigned. Mr. Lindberg has accepted a position with the Federal Deposit Insurance Corporation, effective last week. Prior to joining the bank 16 years ago, Mr. Lindberg had been an examiner for the F.D.I.C.

WINONA: Beverly Jean Bellman, 38, assistant cashier at First National Bank of Winona, has admitted making false entries in the bank's records and taking \$33,000 from customer accounts during the past 10 years.

NORTH DAKOTA NEWS

State Examiner Eugene Rich has released a report of the condition of the North Dakota banks showing that deposits, as of December 31, 1965, totaled in excess of \$1 billion. Deposits in state banks alone totaled \$445 million.

CARRINGTON: Walter E. Nystuen has been named vice president and agricultural representative at Foster County State Bank here. He had been cashier at Citizens State Bank in Rugby.

DRAYTON: V. Arthur Fleckten, 60, president of the Drayton State Bank since 1943, died recently following a heart attack. He had been active in the North Dakota Bankers Association and had held several N.D.B.A. posts during his banking career.

Kirk Gross Co
BANK PLANNING
Waterloo, Iowa

PARK RIVER: Richard Wilhelmi has been elected an assistant cashier at the First State Bank.

SOUTH DAKOTA NEWS

BRANDON: Brandon Savings Bank has been granted a national bank charter, authorizing the continuance of the bank's operations under the name of United National Bank of Brandon, effective March 1.

LEAD: Billy O. Phillips, Rapid City, has been elected chairman of the Miners & Merchants Savings Bank here and Maurice L. Test, Des Moines, Iowa, has been elected president. Eldon W. Rademacher has been named executive vice president. Russell Configliacco has been advanced to assistant vice president and cashier, Dorothy Ruzick to assistant cashier and head teller, and Kermit Stell to assistant cashier. Majority control of the bank is held by American Bancorporation, which is owned by Mr. Phillips and Mr. Test. They purchased control of the bank in February, as reported earlier, from John Vucurevich.

MONTANA NEWS

Several Montana Bankers will make a legislative trip to Washington, D.C., March 27-30, in conjunction with the North Dakota Bankers Association, according to R. C. Wallace, secretary-treasurer of the Montana Bankers Association.

BELGRADE: Carl Peterson, formerly with the Yellowstone Bank, Laurel, has been named president of the Belgrade State Bank.

GREAT FALLS: Great Falls National Bank has increased its capital stock from \$1,250,000 to \$1,500,000.

LEWISTON: D. R. Browne, assistant cashier, First National Bank of Lewiston, has resigned to accept a position with the credit department of First Service Corporation, Minneapolis. First National Bank of Lewiston is an affiliate of First Bank Stock Corporation and First Service Corporation.

WYOMING NEWS

CHEYENNE: Cheyenne National Bank may soon erect a new bank building on the site currently occupied by the old post office building. The General Services Admin-

istration has given its approval to the sale of the building to the bank.

WHEATON: Grand opening observances ended Saturday at the newly-completed bank building constructed by the Stock Grower's Bank of Wheatland.

COLORADO NEWS

AIR FORCE ACADEMY: A charter for the Air Academy National Bank has been approved by the Comptroller of the Currency.

DENVER: Jess K. Hazlett has been elected to the board of directors of Denver U.S. Bancorporation, according to Roger D. Knight, Jr., president. Mr. Hazlett has been president of the First Bank of Aurora since 1964.

DENVER: Ralph M. Slapper has been advanced to assistant vice president at Colorado State Bank.

FORT CARSON: An application for a charter for the Fort Carson National Bank has been approved by the Comptroller of the Currency.

In the March issue of...

The NORTHWESTERN BANKER

Highlight of the March issue of The NORTHWESTERN BANKER will be the annual exclusive Bond and Investment Survey. In addition to this revealing survey, the special Bond and Investment Section of the magazine will contain several articles of interest and value to bankers.



Call
Wayne Thorndyke
for ...

Personal Attention
to All Your
Correspondent Needs

CALL
402
AREA CODE
341-8765



Member Federal Deposit
Insurance Corporation

CHILES & COMPANY

Member, Midwest Stock Exchange

MUNICIPAL AND CORPORATE BONDS
LISTED, UNLISTED AND LOCAL STOCKS
412 Farm Credit Building, Omaha, Nebraska 68102
Phone 346-6677

MONEY SUPPLY DROPS...

(Continued)

Commission will review its limitation on maximum interest rates payable on savings deposits and CD's when it meets in Pierre tomorrow, according to Herman Lerdal, state banking superintendent. In January, the Commission voted to maintain the maximum allowable limits at 4% on time certificates and 3½% on savings deposits.

All of this has put pressure on S&L's, whose mortgage interest rates have been forced up due to tightness of money. Some of them are known to have withdrawn funds from commercial banks that went to 4½ per cent and re-deposited the money in banks that have not done so.

In the meantime, the big question is still unresolved -- where will the money come from to meet loan demand that continues at a record pace?

NATIONAL NEWS

KANSAS CITY: Current developments in agriculture, business and finance will be reviewed by economists from the Federal Reserve Bank of Kansas City in a series of 10 economic forums for Kansas bankers March 14 to April 1. The Federal Reserve Bank will sponsor the forums in cooperation with the Kansas Bankers Association.

NEW YORK: Federal Judge Lloyd F. MacMahon last week took five minutes recess from a jury trial to end the 4½-year dispute which began when Manufacturers Trust Company and Hanover Bank merged. Judge MacMahon officially dismissed the Manufacturers Hanover Company antitrust suit last Monday. It was the first such action negating a Federal court decision in a civil case due to Congressional action. The Justice Department had submitted the dismissal motion

YOUR STATE BANKERS ASSOCIATION
OFFICIAL SAFE, VAULT AND
TIMELOCK EXPERTS

F. E. DAVENPORT & CO.
OMAHA

according to provisions of the recently-enacted Bank Merger bill.

WASHINGTON, D.C.: The fifth and final conference, in a series between the Federal Deposit Insurance Corporation and state banking supervisors, was completed recently, according to Chairman K. A. Randall of the F.D.I.C. State officials attending the final conference included the following heads of state banking departments: Harry Bloom, Colorado; Dwight D. Bonham, Wyoming; Herman Lerdal, South Dakota; Albert E. Leuthold, Montana; Henry E. Ley, Nebraska; Clarence Lodahl, Minnesota, and Eugene Rich, North Dakota. Seven additional state officials were also in attendance.

WASHINGTON, D.C.: Archie K. Davis, president of the American Bankers Association and chairman of the Wachovia Bank and Trust Company, Winston-Salem, N.C., has reported that the A.B.A. does not oppose the replacement of the Comptroller of the Currency on the board of the F.D.I.C. The Comptroller himself, James J. Saxon, has noted that, "to the extent that H.R. 12904 seeks to relieve this office of the burden of participating in . . . chartering, examining and supervisory powers over state banks, we do not object to the bill." He added, however, that the bill should be amended "so that the consent of the Board of Governors of the Federal Reserve System and Comptroller of the Currency would be required for changes in existing rules, regulations or policies of the F.D.I.C. . . . including adoption of new rules and regulations or amendment of present rules or regulations."

WANT ADS

Rates 25 cents per word per
insertion. Minimum: 12 words.
NORTHWESTERN BANKER
306 15th St., Des Moines, Iowa

FOR SALE

20 Total 10-Tape NCR Proof Machine. First Security Bank and Trust Company, Charles City, Iowa.

POSITIONS AVAILABLE

Executive officers needed for a \$2 million bank and a \$1 million bank. Iowa location. Write in confidence to File BNH, c/o The NORTHWESTERN BANKER, 306 15th, Des Moines, Iowa 50309.

WANT TO SELL

Bell & Howell Micro-Twin micro-film machine. Contact Forest Lewis. Phone 276-1571, or Box 2098, Des Moines, Iowa 50310.

MINNESOTA BANK FOR SALE

Located in choice south central area - this growing bank has deposits in excess of \$6.5 million. Virtually all stock must be sold. Control offered @ 59% premium - balance @ book value - total investment approximately \$740,000. We want purchasers who are ready to perform. Write . . .

BANKERS SERVICE Corporation
1301 Register & Tribune Building
Des Moines, Iowa 50309

WANTED

A promotion and/or goodwill minded agricultural banker to use our resources in his farm or ranch relations program. Box FBC, in care of NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

BANK OFFICER WANTED

Write in complete confidence giving bank management background, including experience in agricultural and commercial lending. Iowa location. File JDB, in care of the NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

HELP WANTED

Country bank needs a #2 man who wishes opportunity to work into #1 position within 5 to 10 years. Inquiries will be held in confidence. Write File HAB, in care of NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

EXTRA DIVIDEND

Increase insurance sales in your bank agency by sending \$1 for 12 monthly issues of the UNDERWRITERS REVIEW. Sales ideas, surveys and news of the industry keep alert underwriters ahead of the competition. Write c/o 306 15th St., Des Moines, Iowa.

560 BANKERS 560

Desire position to serve as your Chicago correspondent. Offer full range of skills and facilities. Serve you with plenty of personal attention. Agents in your area full time. For immediate action call Max Roy in Iowa City at 338-5908 or Cy Kirk in Des Moines at 277-2602. Or call LaSalle National Bank, 135 South LaSalle Street, Chicago, Ill. 60690. State 2-5200 (Area Code 312)

No. 959 Northwestern Banker is published five times monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscription 50¢ per copy, \$4 per year. Second class postage paid at Des Moines, Iowa. Address all mail

subscriptions, change of address, Form 3579, manuscripts, mail items to above address.