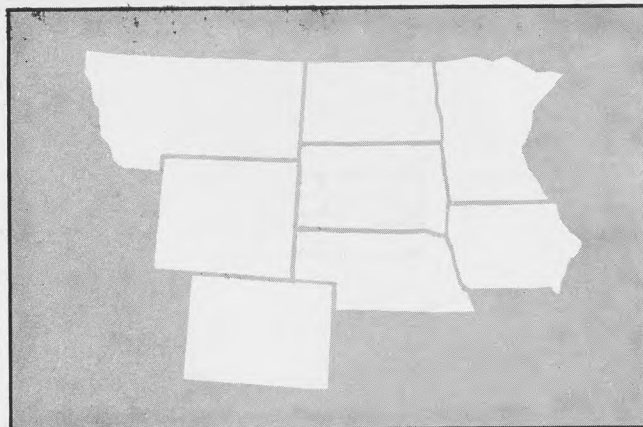


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 962

Des Moines, Iowa

April 4, 1966

Patman Seeks End to Negotiable CD's

Chairman Wright Patman of the House Banking and Currency Committee last week introduced legislation which would outlaw negotiable certificates of deposit -- a credit instrument which has caused widespread controversy in the financial industry in recent months.

Describing the bill as an "emergency measure," Mr. Patman said he expected to hold hearings "almost immediately."

In a statement on the floor of the House, the Texas Democrat said the amount of negotiable certificates of deposit -- an almost unknown credit instrument before 1961 -- has grown to almost \$16 billion. About three-fourths of the sum is held by 30 large banks, most of them located in Chicago and New York, he told the House.

"This fast-buck money is very, very expensive to the banks which use the negotiable CD to attract it," Mr. Patman said. "Many banks are paying up to 5½% interest on negotiable CD's and this naturally forces the banks to seek higher yields and, therefore, higher risk and even unsound loans to put the money to work in an attempt to get a profit on this high cost money."

Mr. Patman said the competition for the certificates of deposit is causing "leapfrogging interest rates" and this, in turn, is having a "clear inflationary impact on the economy."

Mr. Patman charged that the use of certificates of deposit results in "recurrent liquidity crises" in the banks due to corporate demands for cash.

NATIONAL NEWS

U.S. Supreme Court Rules Trust Income is Taxable

The U. S. Supreme Court has ruled that income accumulated in a trust, over which the trust creator had limited control, is part of his gross estate and is taxable.

The 7-to-2 decision upheld the Internal Revenue Service and reversed the U. S. Circuit Court in Chicago which had held that the principal in such trusts must be included in the gross estate for taxation but income accumulated on the principal need not be. The Internal Revenue Service appealed the Chicago ruling.

Signs Bill Ending U.S. Postal Savings System

President Johnson last week signed a bill ending the 56-year-old postal savings system and advised Americans to place their savings, instead, in United States Savings Bonds.

CHICAGO: The American Bankers Association Installment Credit Conference convenes here today with 2,000 registrants expected.

CHICAGO: Dana M. Lewis, Jr., has been elected farm management officer at Harris Trust and Savings Bank. In this position, Mr. Lewis now heads the trust department's professional farm management service which is made available to all farm owners on a fee basis.

DETROIT: Detroit Bank & Trust announced it will introduce June 1, 1966 a "universal check" which combines the advantages of a credit card, travelers check and cashier's check together with special customer loan privileges.

Announcement of the new service -- called Bancardchek -- was made jointly by Raymond T. Perring, chairman and C. Boyd Stockmeyer, president of Detroit Bank & Trust.

KANSAS CITY: Maurice J. Swords became chief examiner at the Federal Reserve Bank of Kansas City Friday, succeeding George R. Wilkinson, who has retired. Robert E. Scott has also been promoted to assistant chief examiner.

MILWAUKEE: Richard G. Jacobus has announced that the banking review board of the Banking Department of the State of Wisconsin has granted to the group of incorporators which he heads a certificate of authority to organize a new bank in Milwaukee. Mr. Jacobus, president of Inland Financial Corporation and Newton & Company, said the bank, which will open in early summer, will be known as The Bank of Milwaukee and Trust Company.

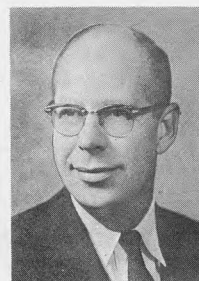
O. K. Johnson, Sr., president of Whitefish Bay Bank, also announced last week an agreement for the disposition of the controlling shares of the bank to The Jacobus Company. Mr. Johnson is a former president of the Independent Bankers Association.

NEW YORK: Richard K. LeBlond, II, (Continued on back page)

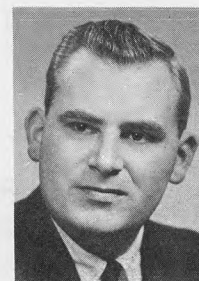


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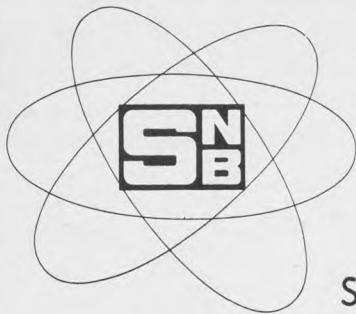


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IOWA NEWS

Atlantic Ag Credit Meeting Rescheduled for April 18

The series of five agricultural credit meetings sponsored by the Iowa Bankers Association was completed last week with the exception of the Atlantic meeting. That meeting, originally slated for Wednesday, March 23, at the Fairgrounds, resulted in a total attendance of three bankers due to the history-making blizzard which struck the night before. The meeting has been rescheduled for Monday, April 18, at the Atlantic Country Club. The agenda will be the same as for the other meetings. The program for each of the meetings appears on page 101 of the March issue of **NORTHWESTERN BANKER**.

IBA Plans Two Meetings

The Iowa Bankers Association will hold its annual State Banking Conference Thursday, April 14, at the Hotel Kirkwood in Des Moines. Tuesday, April 26, the IBA will hold its Annual Installment Lending Conference. The April 26 meeting will also be held at the Hotel Kirkwood, extending to April 28.

ALGONA: Royal Nold, formerly cashier, Home Trust & Savings Bank, Osage, has accepted a position as assistant vice president at the Iowa State Bank, Algona. Mr. Nold plans to move his family to Algona at the close of the school year.

CLARENCE: Open house was held recently at the Clarence Savings Bank, marking the com-

pletion of an extensive remodeling and expansion project. The expansion increased the bank's area to double its original capacity.

DES MOINES: David S. Baker, vice president and trust officer at Bankers Trust Company, has resigned to accept a position with Southern Arizona bank in Tucson.

DE WITT: A group of local businessmen, earlier denied a state charter, has made application for a national bank charter in De Witt. Proposed capitalization is \$500,000. Applicants for the charter include Dr. F. F. Benson, George Cromer, John R. Crowley, Elmer Ellingsen, Theodore George, Andrew Hartmann, Peter McGinn, Rex B. Peters, Everett Rogers and Dr. L. H. Schafer.

IDA GROVE: James Lipton, Jr., executive vice president of the Ida County State Bank, has announced that the bank will erect a new building this year at Second and Main streets. Plans call for air conditioning the new building which will house a vault three times the size of the present one.

MUSCATINE: Approval of the Muscatine Bank and Trust Company's application for a national charter has been granted by the Comptroller of the Currency, effective February 28. The bank's new name is First National Bank of Muscatine.

SAC CITY: Jack Davis, 23, a recent graduate of Drake University, has joined the staff of the Citizens Savings Bank.

SPENCER: Open house was held Saturday honoring Osborn Miller

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Chaney, executive vice president of the Clay County National Bank. The retiring Mr. Chaney had been associated with the bank throughout the past 31 years. His banking career, including time spent in his father's bank--the Miller Chaney Bank in Newell--and with the Federal Reserve Bank of Chicago, encompassed a total of 53 years.

WEST UNION: Grand opening was held recently at the newly-completed drive-in banking facility constructed by The First National Bank in West Union. The facility features two drive-in windows and a walk-up window. Frank Bauder, president, Central National Bank, Chicago, and a native of West Union, was on hand for the opening as was "Someday," grand champion steer of the International Livestock Exposition purchased by Central National Bank.

NEBRASKA NEWS

117 Students Attend 1966 School of Basic Banking

A total of 117 students from Iowa, Kansas and Missouri, attended the recent School of Basic Banking at the University of Nebraska's Center for Continuing Education. The school, co-sponsored by the Nebraska, Missouri and Kansas Bankers Associations, has been booked at the Center through 1970, according to William H. Osterberg, secretary of the NBA and registrar for the school. At the meeting of the school's board of trustees, Horace Dunagan, Jr., president, First State Bank, Caruthersville, Missouri, was elected president for 1966-1967.

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BEATRICE: Beatrice State Bank, with authorized capitalization of \$200,000, has filed articles of incorporation with the Secretary of State.

LINCOLN: First Nebraska Securities has named L. F. (Bud) Dendinger, formerly vice president, vice president and general sales manager. Harlan G. Beideck, registered representative, will succeed Mr. Dendinger as manager of the Hastings office, subject to regulatory agency approval.

MARTELL: The Federal Deposit Insurance Corporation has approved the move of The Martell State Bank from the corner of Griffin and William streets to a site 300 feet north and across William street.

OMAHA: John M. Shonsey, executive vice president, The Omaha National Bank, recently presented a check for \$4,000 from the bank to the city to help defray the costs of intensified training for the city's fire and police personnel. In presenting the check at a special Mayor's Press Conference, Mr. Shonsey said, "The Omaha National Bank, as part of the commemoration of its Centennial Year, desires to recognize the City of Omaha's Fire and Police Divisions and to make a contribution to the education and training of the personnel of those divisions."

OMAHA: The NABAC 17th Northern Regional Conference will be held here, at the Sheraton-Fontenelle Hotel, May 8-11.

MINNESOTA NEWS

KENT: Customers of the Kent State Bank recently held a party in honor of Oscar L. Olson, cashier, celebrating completion of Mr. Olson's 60th year of service with the bank. Mr. Olson, who owns controlling interest in the bank, remains fully active in the bank although he is more than 80 years of age.

MINNEAPOLIS: First National Bank of Minneapolis has named John S. Monroe, Jr., as auditor.

MINNEAPOLIS: At the annual shareholders' meeting of Northwest Bancorporation, Henry T. Rutledge, president, reported that net operating earnings for January and February showed an increase of 5% over the first two months of last year. Mr. Rutledge also noted that the affiliated banks continue to experience a strong loan demand. He reported that it did not appear

at this time that the banks would suffer any significant losses on cattle loans as the result of early March blizzards in North Dakota, South Dakota and western Minnesota.

MINNEAPOLIS: The American Bankers Association National Mortgage Conference is scheduled to be held here, at the Radisson Hotel, May 8-11.

YOUNG AMERICA: Charles Nuernberg has been elected vice president and cashier of the State Bank of Young America, succeeding his late father, W. A. Nuernberg, in the position. He has been associated with the bank since 1956.

NORTH DAKOTA NEWS

North Dakota Bankers Return from Washington

Members of the North Dakota Bankers Association, accompanied by several members of the Montana Bankers Association, returned late last week from their joint legislative visit to Washington, D.C.

MOHALL: The Citizens State Bank of Mohall has been advised that its application to establish a paying and receiving station at Sherwood has been approved by the Federal Deposit Insurance Corporation.

SOUTH DAKOTA NEWS

Agricultural Conference Set At Pierre April 13 and 14

The 1966 Annual Agricultural Conference, sponsored by the South Dakota Bankers Association, is scheduled to open Wednesday, April 13, at the Pierre City Auditorium, according to Roy W. Terwilliger, executive secretary-treasurer of the SDBA. The conference is scheduled to adjourn at 4 p.m. Thursday, April 14.

MONTANA NEWS

BILLINGS: Stockholders of Northwest Bancorporation have been

informed that the merger of the First National Bank in Billings into the Billings State Bank, National Association, the present Bancorporation affiliate, was planned for the close of business Friday, March 25.

WYOMING NEWS

GILLETTE: Douglas Krogh, Denver, has joined the staff of the First National Bank here as vice president and cashier. A native of Denver, he had previously been supervisory bank examiner for the Comptroller of the Currency.



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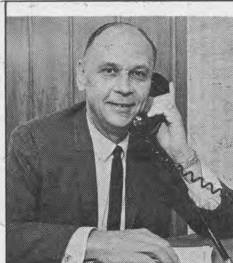
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JACKSON: R. E. Stewart, executive vice president and director, The Jackson State Bank, has resigned, effective April 1, according to F. Buchenroth, Jr.

**Independent Bankers Expect
2,000 at Annual Convention**

"Build your bank by building your community" and "Profits... and your bank" will be the twin themes of the 32nd annual convention of the Independent Bankers Association of America at The Dunes Hotel in Las Vegas, Nevada, May 3, 4 and 5.

Advance registrations had passed the 1,000 mark March 10, and President Ralph L. Zaun expects the convention to draw more than 2,000 in the largest assembly of independent bankers ever held.

Mr. Zaun, executive vice president of the Grafton State Bank, Grafton, Wisconsin, will keynote the convention, after a welcome by Nevada Governor Grant Sawyer.

NATIONAL NEWS

(Continued)

and Norborne Berkeley, Jr., have been elected senior vice presidents in the national division of Chemical Bank New York Trust Company. Mr. LeBlond, who has been in charge of the bank's business in the Rocky Mountain and West Coast states as well as in Hawaii and Alaska, has been transferred to the northeastern area. Mr. Berkeley is in charge of the bank's business in the midwestern states.

SAN FRANCISCO: C. Michael Shaw has been advanced to vice president at Crocker-Citizens National Bank's administrative headquarters here, according to Emmett G. Solomon, bank president. As a member of the bank's national division, Mr. Shaw will devote his activities to corporate business development and correspondent bank relations in the midwestern region of the country.

WASHINGTON, D.C.: Comptroller of the Currency James J. Saxon said last week that national banks may purchase certificates of interest which the Commodity Credit Corporation plans to issue. The Agriculture Department agency is putting out the certificates as part of the Administration program to transfer more Federal financial assets to the private sector of the economy. The certificates will be backed by a pool of price support

loans. Mr. Saxon said the CCC has authority to borrow up to \$14½ billion from the U. S. Treasury and has reserved enough of this to redeem the certificates at maturity.

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