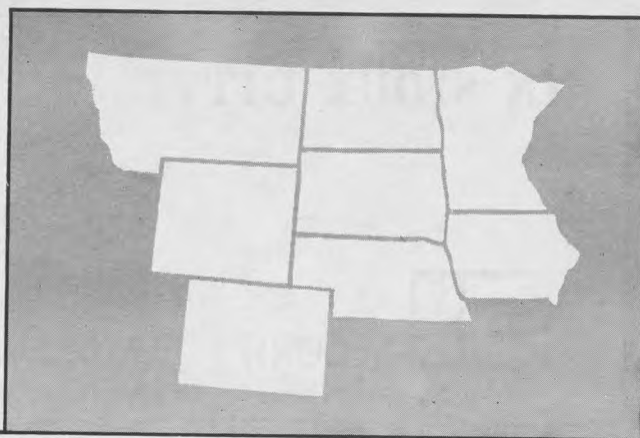


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 988

Des Moines, Iowa

August 29, 1966

Congress Acts on "Tight Money"

As the effects of "tight money" make themselves painfully known to Congress and the Administration in Washington, both groups are making moves on two fronts--(1) to provide tighter regulation of interest paid on time and savings money, and (2) to give emergency first-aid to the ailing home mortgage market. As this issue went to press, this was the status on each proposal:

1. Interest and dividend rate control--S. 3687 is an Administration-backed bill that has the support of the Federal Reserve Board, FDIC, FHLB and ABA (with reservations), and total opposition from the S&L industry. S. 3687 would give Federal banking agencies, including the Fed, FDIC and Federal Home Loan Bank Board, the discretionary authority to establish different categories of deposits for interest rate and dividend limitations.

The Fed Board Vice Chairman, J. L. Robertson, said "fundamental considerations of equity... argue for comparable regulation for commercial banks and savings and loan associations, especially with respect to those segments of their activity in which they compete directly for the saver's dollar." Treasury Undersecretary Joseph W.

Barr said the Treasury, FDIC and Bank Board consider the S&L provision "essential."

The other rate control bill is one proposed by Rep. Wright Patman (D.-Tex.), chairman of the House Banking and Currency committee, which would place a one-year 4½% statutory ceiling on bank time deposits under \$100,000, with no provision for control of S&L dividends. Mr. Patman's committee has not gone along with him on the bill, and last week he utilized a parliamentary technique which would force the House Rules Committee to release the bill. A vote on the motion cannot come before September 12. It was learned, though, that the Rules Committee may release the Patman bill to the floor this week where it could be considered along with the Administration bill described above. The object here would be to let the House members take their pick, with the likelihood being they would disapprove the Patman bill, which is opposed by the Administration. On the other hand, the Administration bill faces such hot opposition from the S&L industry that it very possibly will not get House support.

With the pressure on for something to be done about "high

rates," the House could possibly waver on either proposal, make a hybrid of the two, or come up with something new, as an alternative to doing nothing.

2. Mortgage market--S.3688 was designed to pump more money into the Federal National Mortgage Association (FNMA, or Fannie Mae), and as expected last week, conferees of the Senate and House reached agreement. In doing so, they chose the highest dollar amounts from the several categories under discussion and came up with a \$4.76 billion package to put in the ailing mortgage market for home buying.

With the nation's homebuilders clamoring for relief while some of their members are going broke or quitting business, and August housing starts showing a further drop, the lawmakers moved as expected in approving the giant package. Key provisions of the conference bill, which was to have been voted on as this issue went to press, are:

a. Creation of about \$2 billion in new funds through an increase in Fannie Mae's secondary market borrowing ratio from 10 to 15 times capital funds.

b. Authorize the Treasury to increase its subscription of Fannie Mae preferred stock by \$110,000,000, which would enable Fannie Mae to

(Continued to back page)

The myriad tools of modern banking
... and men who know how to use them.

Good reasons why over half the banks in Iowa are

— MNB correspondents

Jim Van Dine
V.P. — Data Processing

Merchants National

CEDAR RAPIDS MEMBER F.D.I.C.
THE FULL SERVICE BANK FOR THE BANKS OF IOWA



IN SIOUX CITY. . .

THE BANK FOR PERSONAL SERVICE



SECURITY NATIONAL BANK

Member Federal Deposit Insurance Corporation

IOWA NEWS

DANBURY: Paul J. Gahan, cashier of the Farmers Savings Bank, has been named managing officer of the bank by James Lodwig, president, who resides in Denison.

CRESTON: Mrs. Frances Houghton, 49, died August 20 in Creston and burial was in Red Oak. She is survived by her husband, H. C. Houghton, president of the First National Bank in Creston, and one son.

FORT DODGE: Tentative moving date for the State Bank of Fort Dodge will be Labor Day weekend. The bank has a new building with TV Drive-in equipment.

GOWRIE: Funeral services were held here Wednesday, August 24, for Arthur E. Lindquist, Sr., 81, who retired in 1962 as cashier of the First National Bank (now First State Bank) after a 57-year banking career. He is survived by his wife, Gertrude; a son, Arthur E. Lindquist, Jr., vice president of American National Bank & Trust Company, Chicago, and his brother Frank, who is honorary chairman of the board of the First State Bank in Gowrie.

MASON CITY: The 30th anniversary of the founding of United Home Bank and Trust Company will be observed Wednesday, August 31. Robert H. Isensee, president, will be host at a dinner for correspondent banks and other friends of the bank.

SIOUX CITY: Carl V. Speicker, 66, formerly a banker in this area, died recently in a Mesa, Arizona, hospital. He had moved to Mesa in 1962 after having been a longtime director of First Trust and Savings at Remsen, which is affiliated with Toy National, Sioux City.

NEBRASKA NEWS

BEATRICE: Lee D. Bonham, assistant cashier, First National Bank & Trust Company, will retire Wednesday, August 31, after 55 years as a banker, the last 36 of them with First National. Early in his career he was reportedly the youngest bank cashier in Nebraska. At one time he was president of the Ellis State Bank in Ellis, Nebraska.

GRAND ISLAND: The application for the Bank of Grand Island, Inc., has been withdrawn by Richard E. Kurtz and his associates. A hearing on the state bank charter had been scheduled for August 16. Another application for a state bank in Grand Island, the Bank of Hall County, is still pending and a hearing on it is scheduled for tomorrow, August 30. Spokesman for the applicants is Ralph E. Misko, president of First Security Bank in Holdrege. Grand Island has three national banks and one trust company.

LINCOLN: Both First National Bank and Trust Company and National Bank of Commerce Trust and



Call Howard Nielsen for

Personal Attention to All Your Correspondent Needs

CALL 402 AREA CODE 341-8765



Member Federal Deposit Insurance Corporation

Savings raised their prime interest rate from 5 3/4% to 6% last week, following the move to the higher level by eastern banks.

OMAHA: The three downtown Omaha banks -- Omaha National, U. S. National and First National -- raised their prime rate last week to 6%, following the move to the higher rate by eastern banks.

OMAHA: First National Bank of Omaha will have another all-star program for businessmen and bankers attending its 8th Annual Beef Cattle Conference at the Sheraton-Fontenelle Hotel here September 8. Noon luncheon speaker will again be Arthur S. Harper, vice president, Lionel D. Edie and Co., Inc., New York, a noted business analyst. Appearing on the afternoon Beef Cattle panel will be: Martin R. Domke, Greeley, Colorado, cattle feeder; William E. Gray, manager, Wilson & Co. beef division, Chicago, meat packer; Michael S. Turner, extension ag economist, University of Nebraska, economist; Byron C. Hayes, Hayes Livestock Company, Chillicothe, Missouri, feeder cattle buyer, and Mickey Stewart, O'Neill, Nebraska, rancher.

OMAHA: Robert M. Wadle has joined The Omaha National Bank's commercial loan department as a loan officer. He was previously associated with the St. Louis Bank for Cooperatives as a business analyst.

MINNESOTA NEWS

DETROIT LAKES: Robert A. Coalwell has resigned as assistant cashier of Detroit State Bank, effec-

Hey, NEED South of the Border



Keep this up, but here of gringos with correspond of any kind.

Si! These riding your often so look



If you have lems, check clearings, overline situ ing you fro larger custom gricultural visit with us

PUT A "F THE SPOT! NOW! ADIOS!

PHONE 3



Member Insur

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

Amigo!
HELP

er?



nder your som-
re are a couple
o will help you
ndent services

balleros will be
territory more
for them soon.



collection prob-
with us for fast
if excess or
ations are keep-
m helping your
ners, either ag-
or commercial,

AST GUN" ON
Write or phone

14 GA 1-1850



Federal Deposit
ance Corp.
Digitized for FRASER

<https://fraser.stlouisfed.org>
Federal Reserve Bank of St. Louis

tive August 31, and will begin his new duties September 1 as an FDIC examiner with headquarters in Grand Forks, North Dakota.

MINNEAPOLIS: Dudley R. Mays, assistant vice president, installment banking, First Bank Stock Corporation, will retire September 1. He joined First Service Corporation in 1946 and was elected assistant vice president of First Bank Stock in 1964. Succeeding him in the installment banking department will be John J. Kelley, assistant vice president.

MINNEAPOLIS: William E. MacDonald has been named assistant cashier in charge of the investment department of the correspondent bank division at National City Bank. He had previously been with Blyth & Company and the First National Bank of Minneapolis.

OWATONNA: Gerald Herman, assistant cashier, has been promoted to manager of the timepay department at First National Bank. He succeeds William O. Skar, assistant vice president, who leaves September 1 to be assistant vice president of the First Grand Avenue State Bank of St. Paul. Both banks are affiliated with First Bank Stock Corporation.

SOUTH DAKOTA NEWS

CANISTOTA: Work has begun on construction of a new building for the Security State Bank.

SIOUX FALLS: Richard E. McKnight has been named assistant vice president and assistant trust officer at the main office of the Northwestern National Bank. He has been employed the past seven years in the trust department of the First National Bank of the Black Hills, Rapid City, where he held the same title.

COLORADO NEWS

DENVER: James W. Egan, convicted July 30 of misapplying funds of the defunct Brighton National



GORDON DODGE

KEEP US IN MIND
WE'RE EASY TO FIND

283-2421

BANKERS TRUST COMPANY

Member Federal Deposit Insurance Corporation

Largest Locally-Owned Bank in Des Moines

Bank, last week asked U. S. District Judge Alfred A. Arraj for a new trial. Mr. Egan was principal stockholder in the bank. Hugh Best and Richard Murphy Horton both pleaded guilty to making a false entry in the Brighton National books. If Mr. Egan's retrial petition is rejected, all three men will probably be sentenced together. At present they are free on bond. Mr. Egan's possible maximum sentence could be 15 years and a fine of \$15,000.

COLORADO SPRINGS: J.C. Culley, president of the Northern National Bank, announced last week that directors have added two new officers to the staff. Creed F. Petty was elected a vice president. He was formerly executive vice president of the Union Bank and Trust Company of Lincoln, Nebr., where he worked for many years. Irvin J. Craft was elected assistant cashier. He was formerly employed with the Medical Center National Bank, Houston, Texas.

DENVER: George R. Harris, president of G. R. Harris & Co. and the Grassy Creek Coal Co., was elected to the board of directors of North Denver Bank last week.

DENVER: Fred M. Winner, Denver attorney, has been elected a director of the Colorado State Bank. He is senior partner in the firm of Winner, Berge, Martin & Camfield.

DENVER: University Hills Bank threw a big "thank you party" last week for its customers at the conclusion of the \$180,000 remodeling program that doubled floor space to 14,000 square feet on three levels. The parking area was tripled to accommodate 140 cars,

teller windows have been doubled in number, and the vault area enlarged.

NATIONAL NEWS

BROOKLINE, MASS.: David S. Holden has been elected vice president, Bancardcheck division, Financial Marketing Group. He was formerly vice president, Framingham (Mass.) National Bank.

CHICAGO: Richard W. Bloomfield, assistant vice president at the Detroit branch of Federal Reserve Bank of Chicago, will retire September 1 after 37 years of service. Gordon W. Lamphere, assistant general counsel at the Detroit branch, has been appointed assistant vice president to succeed Mr. Bloomfield.

CHICAGO: The 14th Illinois Bankers School, sponsored by the Illinois Bankers Association, opens today (Monday) on the campus of Southern Illinois University at Carbondale. The coeducational two-year summer school plan provides for 11 days of classes each summer.

NEW YORK: William H. Moore, chairman of BT New York Corporation, and E. Perry Spink, president of Liberty National Bank, Buffalo, announced last Tuesday that BT New York Corporation intends to make an offer to acquire all or at least 80% of Liberty National stock. Liberty National has 34 offices with \$349 million deposits last year-end.

Kirk Gross Co
BANK PLANNING
Waterloo, Iowa

1st LINCOLN ...Experts in Mortgage Loans

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



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

WASHINGTON, D.C.: The Senate voted approval of the "cease and desist" bill, with the final amendment that limits suspension of officers of banks to cases involving personal dishonesty. The bill now goes to the House, but it was not known when the bill would be taken up. It is expected to be considered and passed before the end of the present session prior to election.

"Tight Money"

(Continued)

obtain \$1.65 billion for its secondary market operations at the 15 to 1 ratio noted above.

c. Special assistance authorization of \$1 billion additional funds for such purposes as disaster relief and urban renewal. Of this total, \$500 million would come from the Treasury and \$500 million from special funds available to the president.

d. The ceiling on mortgages purchased will be eliminated entirely or raised to \$25,000. On the special assistance loans, the ceiling would be \$15,000 mortgages for the most part.

Raise Reserve Requirements

Following the increase in prime rate from 5 $\frac{1}{4}$ % to 6% by most major banks last week, the Federal Reserve Board announced an increase from 5% to 6% in reserve requirements against member banks' time deposits exceeding \$5 million. It goes into effect September 8 in reserve city banks and September

15 in country banks. It is expected to put an additional \$450 million additional in bank reserves.

In S. 3687 the Administration wants to move the present statutory ceiling of 6% on such time money up to 10% that can be required for reserves. This is one portion to which the ABA strongly objects.

LATE NEWS

GARNER, IA.: Following suggestions and encouragement of bankers in Group Three of the Iowa Bankers Association, W. L. Baggs, vice president and cashier, Hancock County National Bank, Garner, has announced his candidacy for vice president and treasurer of the Iowa Bankers Association. Elections will be held in conjunction with the IBA Convention in Des Moines in October.

Mr. Baggs has been active in Iowa banking for 35 years and has been associated with the Hancock County National Bank for the past 32 years. A graduate of the Rutgers Graduate School of Banking, class of 1947, he has served in the various offices of the Hancock County Bankers Association and has served as chairman of the IBA agricultural committee.

Mr. Baggs' supporters note that it has been 20 years since the office of vice president and treasurer of the IBA has been filled by a banker from Group Three.

ABERDEEN, S.D.: Daniel Fritz has been elected assistant trust officer of the First National Bank of Aberdeen.

STAPLETON, COLO.: I. J. Shore, president of Conrad's, Inc., has been elected chairman of the Guaranty Bank of Stapleton, succeeding Herman Horwich, who remains on the board after serving as temporary chairman during the organization period.

BREWSTER, MINN.: Marion F. Kelly, Joseph McCarvel and James P. McNab have been elected directors of the First National Bank of Brewster.

MINOT, N.D.: Don Davison has been appointed agricultural representative for the First National Bank in Minot. He will work with Ray O. Skorheim, assistant vice president and agricultural agent.

WANT ADS

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

POSITION AVAILABLE

Executive vice president for \$20 million bank located in a city of 45,000 population. Stock available. No fee.

Bankers Service Corporation
1301 R&T Bldg. Phone 515/244-3113
Des Moines, Iowa 50309

POSITION WANTED

One year experience in finance work, two years college, age 24, protestant. Desire banking position. Write File JGE, in care of the NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

FOR SALE

Modern forms for the agricultural leader. Samples on request. Farm Business Council, Inc., P.O. Box F, Urbana, Illinois 61801.

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 338-5224 or Cy Kirk in Des Moines at 277-2602. Or call La Salle National Bank, 135 South La Salle St., Chicago, Ill. 60690. STate 2-5200 (Area Code 312).



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

**IOWA-DES MOINES
NATIONAL BANK**

George Harnagel Member Federal Deposit Insurance Corporation

YOUR STATE BANKERS ASSOCIATION
OFFICIAL SAFE VAULT AND
TIMELOCK EXPERTS
F. E. DAVENPORT & CO.
OMAHA

No. 988 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, changes of address, Forms 3579, manuscripts, mail items) to above address.