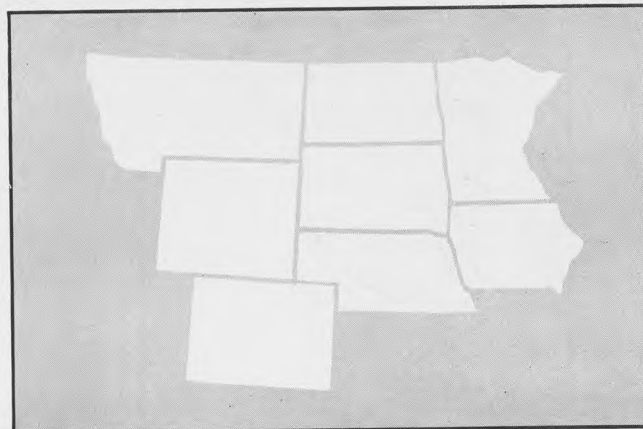


# NORTHWESTERN Banker

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September 5, 1966

## LBJ and Patman Clash on Interest Rates

Chairman Wright Patman of the House Banking and Currency Committee said last week that he was "greatly encouraged" by Rules Committee action clearing H. R. 14026 for action of the Floor of the House of Representatives.

The bill, designed to end the escalating rate war among financial institutions, would lower to 4½% the interest that banks may pay on certificates of deposit under \$100,000.

Mr. Patman said that undoubtedly an attempt will be made to substitute H. R. 17255, a bill introduced by Representative Robert Stephens of Georgia. The bill is identical to a measure now pending before the Senate Banking and Currency Committee.

Stephens' bill would not set a statutory rate roof on "consumer" certificates of deposit but would give the Federal Reserve Board discretionary authority to set varying rate ceilings on the basis of the dollar amounts and other factors.

If the issue is debated on the House floor, it could bring a confrontation between the President, who favors the flexible approach contained in H. R. 17255 and the companion Senate bill 3687, and House Banking Committee Chairman Wright Patman (D.-Tex.), who wants to impose a statutory rate ceiling on commercial bank "con-

sumer" CD's. Such a test could have a far-ranging impact on Patman's future leadership of the House Banking Committee.

The issue already has been joined in an exchange of letters between Patman and President Johnson. Patman initially accused Secretary of the Treasury Henry Fowler of taking a "very weak, namby-pamby attitude about high interest rates." This brought a personal letter from the President assuring Patman that the only difference between himself and the Administration was on the question "of how the maximum rate of interest and the size of the deposit will be determined." Patman sent an immediate reply stating that top Treasury Department officials had "misled" the President as to the content of the two bills.

"The Stephens bill and the Senate bill do nothing but dodge the issue and pass the buck to the Federal Reserve--the agency that created the interest war and high interest rates last December," Patman contends.

The Administration is continuing its efforts to convince savings and loan industry leaders that their business would be better off under dividend control by the Federal Home Loan Bank Board.

So far, however, the Administration has been unable to convince

the industry that it should drop its objections to dividend rate control.

### Non-Par Ruling

Comptroller of the Currency James J. Saxon has ruled that national banks "have the right--if not the duty--to absorb exchange charges for customers" who write checks on non-par banks.

The Comptroller's ruling challenged a 22-year-old Federal Reserve Board regulation which defines payment of such charges as interest on demand deposits, and thus illegal.

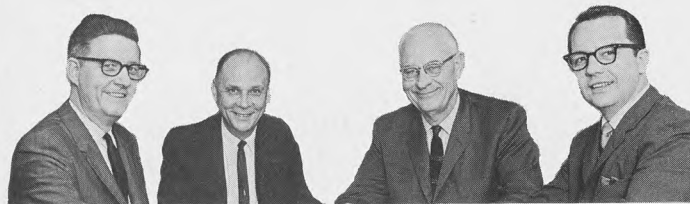
The issue of par-clearance arises because about 1,490 banks--mostly in the South and in Minnesota, North Dakota and South Dakota--are still charging fees for the clearance of checks.

### LATE NEWS

**ACKLEY, IOWA:** A. L. Saylor, president, State Savings Bank, Aplington, and resident of Clarion, has purchased control of the Ackley State Bank from Harry S. Lekwa, president. The sale is effective November 1.

Mr. Lekwa, who organized the bank in 1934, will continue as bank president for another two years. All present officers of the bank will be retained.

Mr. Saylor is in the abstract and real estate business at Clarion.

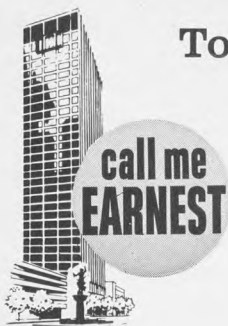


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### IOWA NEWS

**CORALVILLE:** Jack Patrick joins Coralville Bank & Trust Company as assistant vice president tomorrow, September 6. He succeeds L. E. Kern, who resigned from the bank as assistant vice president to return to Kalona, Iowa, where he will be associated with Yoder Feeds. Mr. Patrick has previously been associated with banks in Peoria, Illinois, and Des Moines, and the past 4½ years has been an examiner with the Iowa department of banking.

**DES MOINES:** An honorary dinner was held last Wednesday night for Frank Warner, secretary of the Iowa Bankers Association, by members of the executive council and past presidents of the IBA. Mr. Warner announced his retirement recently after completing 50 years of service as Iowa Bankers Assn. secretary. He will serve the Assn. through the 80th annual convention in October.

**FAIRFIELD:** The Iowa Banking Board has approved a parking lot facility for the Iowa State Bank

and Trust Company, Fairfield.

**FOREST CITY:** A new charter has been granted for the Forest Federal Savings and Loan Association, to be located at 146 N. Fourth Street.

**FORT DODGE:** Robert G. Anderson and Edward M. Klapka, both directors of The State Bank, died earlier this month following long illnesses. Mr. Anderson was president of Iowa Farms Associates, and Mr. Klapka was executive vice president of Home Federal Savings and Loan Association.

**GLIDDEN:** R. H. Van Horn has been elected president of the First National Bank to succeed the late O. B. Moorhouse.

**HOPKINTON:** Mike Suter of Monticello, a recent graduate of University of Dubuque, has started his duties as farm representative at the Citizens State Bank. He also attended Iowa State University, Ames.

**OELWEIN:** First National Bank will have a preview showing of its newly modernized banking quarters on September 7 (Wednesday).

**SHEFFIELD:** Robert F. Schaefer, president, Sheffield Savings Bank, suffered a heart attack two weeks ago today, and he is now in St. Joseph Mercy Hospital in Mason City.

**WINTHROP:** Peoples State Bank held open house in its modern new building on Saturday (September 3).

### NEBRASKA NEWS

**ALBION:** W. D. (Bill) Davis is now ag representative for the First National Bank. He has been with the ASCS office in Albion for the past two years. He was associated with the First National Bank, Primrose for 18 years, nine of them as president.

**BEATRICE:** W. W. Cook, Sr., president of the Beatrice National Bank and Trust Co., was a lecturer for 500 freshmen at the Graduate School of Banking at the University of Wisconsin at Madison. His topic was, "A Case Study in Bank Public Relations."

**LEXINGTON:** Funeral services were held recently for Esther O'Donnell, wife of James O'Donnell, president of the Farmers State Bank. She suffered a heart attack.

**OMAHA:** The low bid on \$3,850,000 in City of Omaha general obligation bonds was submitted by a combine made up of Morgan Guaranty Trust Company, Bankers Trust Company, and Kidder, Peabody and Company, all of New York, and Kirkpatrick, Pettis, Smith, Polian, Inc., Omaha investment firm. The net interest rate offered was 4.13619%, for a borrowing cost of \$955,461. In-

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cluded in the issue are \$2,600,000 for highway construction, \$900,000 for sewers, and \$350,000 to refund obligations of districts assumed by annexation.

**OMAHA:** Major banking event in Nebraska this week will be the annual Beef Cattle Conference, sponsored by the First National Bank, Omaha, on Thursday, September 8. Sheraton-Fontenelle Hotel will be headquarters.

**STANTON:** Donald Johnson, former resident of Wayne, is a new employee at the First National Bank here.

## MINNESOTA NEWS

**BLACKDUCK:** Open house commemorating the 50th anniversary of the Blackduck State Bank was held recently. Ten \$25 savings bonds were given away in a drawing held for registrants at the open house.

**BLOOMINGTON:** No decision had been made late last week on the future prospects for the proposed American State Bank here. Gerald L. Bryan, spokesman for the organizers said several alternatives are being considered, including re-submitting the application, or filing for a national charter. Mr. Bryan is a former Minnesota commissioner of banks. He resigned last February as vice president of National City Bank, Minneapolis, to organize the new bank.

**EVANSVILLE:** Capital stock of the Farmers State Bank has been increased from \$25,000 to \$50,000 by a stock dividend.

**FOUNTAIN:** George Stender has been elected a vice president of the First State Bank and Loren Fretland has been promoted from

assistant cashier to cashier. Mr. Stender is a former manager of the Preston Creamery, and since 1964 has managed the Dairy and Farm Supply in Fountain. He will specialize in servicing farm accounts.

**INTERNATIONAL FALLS:** Frank L. Bussman, 75, executive vice president, First National Bank, died recently.

**LAKE WILSON:** Glenn J. Heuer, 49, president of the First National Bank, died recently after a heart attack while vacationing at Dickinson, North Dakota.

**MINNEAPOLIS:** Fredric H. Corrigan, president of Peavey Company, was elected a director of Northwest Bancorporation at the regular board meeting held in Billings, Montana, August 23.

**ROCHESTER:** Minnesota Federal Savings and Loan Association of St. Paul has been denied a branch office in the Northbrook Shopping

Center here. In turning down the request, the Federal Home Loan Bank Board said need for the branch had not been proven and also took note of the fact that the branch would be 75 miles away from the home office. The Independent Bankers of Minnesota appeared in force last June in Washington to oppose the branching effort.

**RUTHTON:** The Farmers and Merchants State Bank has completed extensive remodeling of the bank's exterior.

**ST. PAUL:** Burglars entered the Eastern Heights State Bank last week for the second time within a month. After the August 9 break-in, the bank began installing a burglar alarm system. It was two days from completion when burglars cut a hole in the roof on August 30 and made away with \$500 in coins. Damage to the roof was \$500, according to Robert Hubbell, president.

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VERNON CENTER: Edwin E. Popp, 56, president and cashier, Vernon Center State Bank, died of a heart attack while on business in Minneapolis. He had lived in Vernon Center 1½ years, moving there from Hartley, Iowa, where he had been cashier of the Security State Bank.

### COLORADO NEWS

BEAR VALLEY: The First National Bank opened its new building with formal ceremonies at which Mayor Currihan cut the ribbon. The building is located at W. Hampden



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DENVER: Motion for a new trial for James W. Egan has been denied by U. S. District Judge Alfred A. Arraj. Egan was convicted of misapplying funds in the now-closed Brighton National Bank.

DENVER: Colorado's Attorney General Duke W. Dunbar ruled that the state savings and loan commissioner, Guy L. Reed, exceeded his authority in his order of July 25 that gave the state's S&L's permission to make consumer loans -- appliances, autos, furniture, etc. Following the legal opinion, Mr. Reed conferred with Governor John Love, and it was then announced the July 25 authority was being rescinded. The state S&L officials say they will take the Attorney General's ruling to court.

### NORTH DAKOTA NEWS

BISMARCK: North Dakota banks have been asked to assist the North Dakota securities commis-

sioner by distributing statement stuffers that will alert citizens to the need for care in dealing with securities salesmen to make sure they are licensed, and to investigate any proposals carefully before assuming the usual risk of an investment.

### SOUTH DAKOTA NEWS

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

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