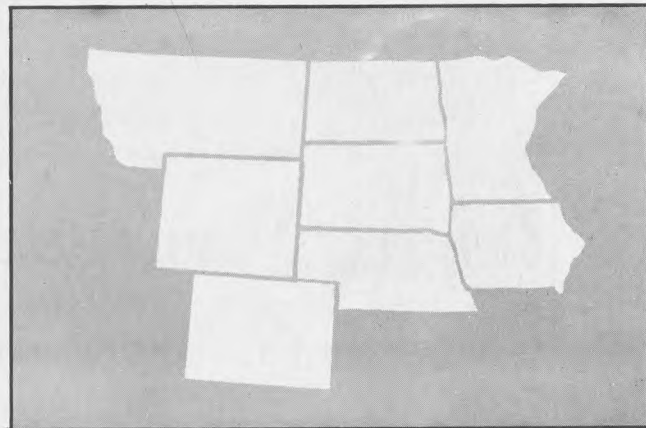


# NORTHWESTERN Banker

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April 10, 1967

## Court Rejects Saxon Insurance Ruling

The National Association of Insurance Agents and the Georgia Association of Independent Insurance Agents have been awarded a declaratory judgment in their suits against the Citizens & Southern National Bank and against the U. S. Comptroller of the Currency.

Judge Lewis R. Morgan of the U. S. District Court for the Northern District of Georgia, Atlanta Division, ruled that Congress had implicitly prohibited banks in cities of more than 5,000 from acting as insurance agents. The Judge held that a ruling by former Comptroller of the Currency James J. Saxon, authorizing banks to carry on the business of insurance agents was illegal, even if such activity was incidental to banking transactions.

The essence of the plaintiffs' argument, from the outset of the suits, had been that in authorizing national banks to act as insurance agents only in places with a population of 5,000 or less, Congress had impliedly prohibited such activity in places with a population of over 5,000.

The defendants, on the other hand, took the position that the statute in question did not prohibit the selling of insurance by any national bank when such selling

was incidental to banking transactions.

It is reported that the Citizens & Southern National Bank has not been "active" in selling insurance in the Atlanta area during the past year because the bank has found it to be unprofitable under current conditions. Still, it is anticipated that the bank and the Comptroller will appeal the District Court ruling.

### Study N. Y. Charge Card

Five of the largest banks in New York City have agreed to undertake a joint study of the feasibility of a cooperative credit card operation.

The five banks are the Manufacturers Hanover Trust Company, the Chemical Bank New York Trust Company, the Bankers Trust Company, the Irving Trust Company and the Marine Midland Grace Trust Company.

Together, the five banks have deposits in excess of \$22-billion, and have several hundred offices in the New York City area.

None of the details of the joint credit card plan has been settled as yet, nor has any of the banks actually committed itself to offer a credit card.

But bankers said that it was not at all clear whether it would be possible for five such banks to get together on a single credit card without running afoul of the antitrust laws.

Bankers said in addition that the proposed credit card would be aimed at providing credit for retail purchases, and not at the travel and entertainment field covered by such cards as American Express, Diners' Club and Carte Blanche.

Two of the five banks -- Chemical and Bankers -- have already signed up with American Express to offer its cards with their imprints.

The only major banks in the New York City area that have not signed up for the feasibility study are the Chase Manhattan Bank, which started its own card back in 1958, but subsequently abandoned the attempt; the First National City Bank, which owns Carte Blanche; and the Morgan Guaranty Trust Company, which does not do a retail banking business.

### Lower Consumer CD Rate

The First National City Bank, New York, has lowered the interest rate that it pays on some of its consumer-type time deposits (Continued to back page)

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### IOWA NEWS

#### Treasurer's Decision

Iowa State Treasurer Paul Franzenburg reported last week that the U. S. six-month bill rate was still above 4%, thus precluding any possibility of state funds being placed in Iowa banks at the present bill return. He said the coupon equivalent on April 5 was 4.14 asked and 4.17 bid.

In addition, Mr. Franzenburg said his office prefers to wait until final outcome of a bill that was to be heard by the full Commerce Committee of the Iowa House of Representatives April 5. This bill would remove the ceiling on interest on public funds, do away with the pledge of securities required of banks for public funds, eliminate the need for two resolutions of refusal of funds by a

bank, and set up a monthly (rather than a quarterly meeting as at present) of the three men who will set the rate.

These three are the Treasurer, Superintendent of Banks and the Insurance Commissioner. If this committee sets the rate, for example, at 4.2, then local governments units may not exceed this and may go below it by only 1 point, or to 3.2.

Mr. Franzenburg said, "With this bill, we are getting into a program that would be continuous month after month, so this money will be funds the banks can count on."

**BURLINGTON:** Clarence B. (Mac) McCloud has been elected vice president in charge of the commercial loan department of the Burlington Bank and Trust Company. He was formerly with Bankers Trust Company, Des Moines.

**CRESTON:** Open house will be held by the First National Bank in its new building on April 13 at 6:30 P.M.

**CRYSTAL LAKE:** Joe DeBoest has joined the Farmers Bank and Trust Company as vice president. He was formerly with Union Bank and Trust Company, Strawberry Point. The Crystal Lake bank was recently sold to a group headed by John K. Hanson of Winnebago Industries, Forest City.

**DUBUQUE:** Funeral services were held last week for John H. Jansen,

president of Dubuque Bank and Trust Company, and founder of Federal Discount Corporation. Mr. Jansen died in Arizona following an extended illness.

**GUTHRIE CENTER:** Open house will be held April 15 (Saturday) by the Guthrie County State Bank in its new banking home.

**LAWLER:** Vincent Kelly, president, State Bank of Lawler, has retired from banking and sold control of the bank. Eugene Timlin, who has been associated with the bank for 21 years, has been named president. Jean Timlin is now cashier and Arnott Argall continues as assistant cashier.

**WINFIELD:** Roger Sharp has resigned as assistant cashier of the Peoples State Bank to join the Los Padres National Bank, Santa Maria, California as assistant cashier.

### NEBRASKA NEWS

**ALBION:** Bill Davis has been elected as a vice president of the First National Bank. He was president of a bank formerly in Primrose.

**COLUMBUS:** The name of the Columbus Bank has been changed to Columbus Bank and Trust Co.

**DAVID CITY:** Ribbon cutting ceremonies were held recently by the First National Bank marking completion of remodeling.

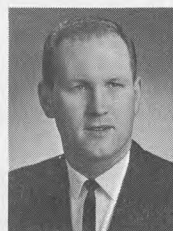
**FREMONT:** Open house will be held on Monday, April 24 at the First National Bank's new building between the hours of 4 P.M. and 6 P.M.

**LINCOLN:** An economic forum for Nebraska bankers will be held here on Thursday, April 20 by the Federal Reserve Bank of Kansas City. The forum starts at 4 P.M. and a dinner is planned. It is the last of a series of six meetings in Nebraska.

**OMAHA:** Application has been made for a state bank charter for 216 Bel-Air Plaza, located at



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12100 West Center Road in Omaha, by Bel-Air Plaza, Inc., and hearing will be held in Lincoln on June 8 at 9:30 A.M.

**NORTH PLATTE:** G. H. Larkin, former vice president and director of the McDonald State Bank, died recently after a long illness. He has been associated with the bank for 30 years and gave up his position in January. He was president and director of the North Platte Loan and Finance Company.

### MINNESOTA NEWS

**CLEARFIELD:** C. C. Elkjer, president, Farmers & Merchants State Bank, was honored for 50 years of service recently.

**KARLSTAD:** Stuart M. Folland has joined the Karlstad State Bank in an executive capacity. He has been with the First National Bank, Minneapolis.

**MINNEAPOLIS:** The 6th annual MBA Instalment Credit Conference will be held Thursday, April 13 at Hotel Radisson.

**MINNEAPOLIS:** Gordon Burwell has been advanced from assistant vice president to executive vice president and managing officer of the Chicago-Lake State Bank, succeeding Robert A. Erickson, who has resigned as a vice president.

**MINNEAPOLIS:** Robert E. Westbee has been elected assistant vice president of First Edina National Bank.

**MINNEAPOLIS:** Douglas R. Hellweg has been advanced to vice president from assistant vice president by the Federal Reserve Bank.

**ST. CLOUD:** August Inderrieden has retired as cashier of the St. Cloud National Bank. He has served the bank since 1944.

**WANDA:** The Wanda State Bank is now doing business in its new building.



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### SOUTH DAKOTA NEWS

**LEAD:** Arthur H. Davis has been elected president of the Miners and Merchants Bank in Lead. He succeeds M. L. Test of Des Moines, Iowa. Mr. Davis was formerly executive vice president of the Liberty National Bank, Dickinson, North Dakota.

**MITCHELL:** J. Norman Shelby, who retired recently as president of the Mitchell National Bank, was honored recently for 50 years of service to the bank.

**RAPID CITY:** Donald H. Koppert, presently vice president and manager of the First National Bank of the Black Hills Villa Rancho office has been named manager of the bank's new Mountain View office, scheduled to open soon. Replacing Mr. Koppert as manager at Villa Rancho will be Louis E. Scott.

### NORTH DAKOTA NEWS

**WAHPETON:** Robert W. Allinder has been advanced to vice president of the Citizens First National Bank, and Donald Holen has been named assistant vice president. Mr. Allinder replaces Earl W. Robinson, who retired recently. Mr. Holen is the bank's farm representative.

**WILLISTON:** Dale J. Livdahl has resigned as cashier of the American State Bank to join the staff of the First National Bank in Williston.

### MONTANA NEWS

**HELENA:** State Superintendent of

Banks Albert Leuthold said he "questioned" if a proposed merger of the Daly National Bank of Anaconda and the First National Bank of Butte would be consummated within 30 days.

Mr. Leuthold said he had been informed by the U. S. Comptroller of the Currency that the Comptroller had given tentative approval to the merger but pointed out that, "We are somewhat in the hands of lawyers."

He referred to opposition two other banks and his office have to the plan. "We feel this action is against the law," he said.

Mr. Leuthold and the Security and Miners banks of Butte will seek an injunction to stop the merger if final approval is given by the Comptroller.

### COLORADO NEWS

**DENVER:** Norman L. Markman, trust officer of the Colorado National Bank, has been named a vice president. He joined the bank in 1957.

**DENVER:** Robert L. Black has been named vice president and cashier of the Colfax National Bank. He was formerly an assistant vice president at the First Bank of Aurora.



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**Consumer CD Rates...**

(Continued from front page)

to 4¾% from 5%.

First National's action represented the first reduction by a major New York bank in interest rates paid on consumer savings since the Federal Reserve started to move toward an easier-money policy last November.

Interest rates on corporate-time deposits -- generally those of \$500,000 and up -- have been dropping steadily for some time, and are now below 4¾% at many banks, including First National.

Other major banks in the New York area, including the Chase Manhattan Bank, the largest bank here, said that they had no immediate plans to match the rate reduction.

Privately, however, officials at several of the banks said that First National's rate reduction likely would precipitate a general lowering of interest rates paid on consumer deposits in a few days.

No reduction in consumer CD rates have been announced by banks in the *Northwestern Banker* area, however one prominent Des Moines banker told us that now would be an excellent time to invest in a 5% CD in view of the

fact that the rate might be reduced within the near future.

**Set S & L Hearing Date**

The Federal Home Loan Bank has scheduled a hearing in Washington, D. C. on May 8 on the application of the United Federal Savings and Loan Association of Des Moines to establish and operate a mobile facility in each of the following Iowa towns: Pella, Sigourney, Albia, Centerville, Osceola, Winterset, Guthrie Center, Jefferson, Humboldt, Grundy Center and Belle Plaine.

**Bank PRMA School**

A new catalog covering the 1967 summer term has been released by the School of Bank Public Relations and Marketing, which will hold its 20th annual resident session on the Chicago campus of Northwestern University July 9-22.

The catalog describes a number of changes in the study program as well as three faculty additions in keeping with the school's policy to keep abreast or ahead of the field.

Both freshman and senior

courses in advertising have undergone major revisions. The first year program looks at advertising from an inside-the-bank point of view, developing a familiarity with the basic mechanics, while the second year moves into the area of creativity. Other courses have been revised and updated to a lesser extent.

The quota for the incoming Freshman Class has been set at approximately 100. May 15 is the cut-off date for filing admissions. Applications, catalogs and other information are available on request from Robert J. Lindley, Registrar of the School, 120 W. Madison Street, Chicago 60602.

**New FDIC Supplies**

K. A. Randall, chairman of the Federal Deposit Insurance Corporation, reports that final decisions have been made on basic redesign of FDIC signs, decals and related materials. All insured banks will be notified soon as to availability of supplies.

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