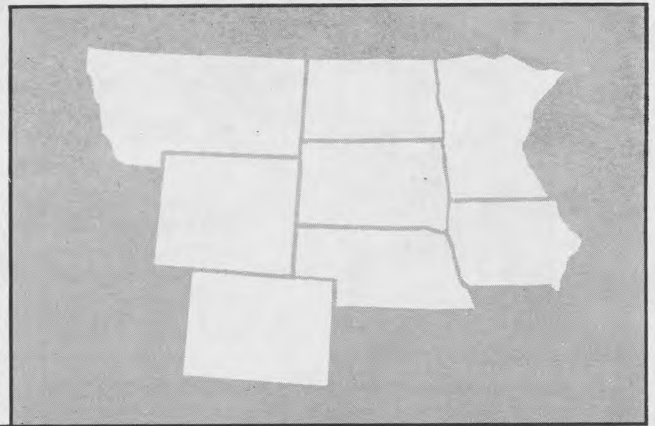


# NORTHWESTERN Banker

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Des Moines, Iowa

May 20, 1968

## Urges Fed Control for All Credit

SAN ANTONIO — Louis B. Lundborg, chairman of the Bank of America, last week urged that the Federal Reserve's monetary control powers be extended to include other major sectors of the credit industry besides commercial banks.

The Federal Reserve is destined more and more to lose its ability to influence the credit market unless its controls are extended, Mr. Lundborg asserted.

Present controls, Mr. Lundborg told the annual meeting of the Texas Bankers Association, apply only to the 20% of the credit industry made up of member banks in the Federal Reserve System, while the other 80% remains outside the Fed's control. This, he declared, should be changed.

Warning of an impending period of tight money possibly as severe as that of 1966, the board chairman of the world's largest commercial bank urged that non-member commercial banks, mutual savings banks, savings and loan associations and the market for commercial and finance company paper and

corporate bonds be brought under the Fed's control.

While the member commercial banks have retained a 20% share of the total supply of credit over the past two decades, he said the liquidity of these banks has been "pretty well sopped up." He noted that the overall loan-deposit ratio for the banking industry in 1947 was about 26%, while in 1966 it amounted to 62%.

"I think current conditions justify our looking very closely at 1966 and learning as much as we can from it," Mr. Lundborg cautioned his fellow bankers.

In that year, he said, total loans and investments of member banks increased less than 5%. During that same period, he continued, commercial and finance company paper outstanding jumped over 47%. He added that in 1967 when monetary policy was less restrictive the loan and investment increase for banks was only 10% compared with 29% for commercial and finance company paper.

A major cause of the sharp increase, Mr. Lundborg de-

clared, was an attempt by large borrowers "to escape the effects of monetary policy" as exercised by the Federal Reserve System through the nation's commercial banking industry.

Many firms also turned to the corporate bond market during the period as an alternate source of credit normally provided by commercial banks, Mr. Lundborg noted. In 1966 corporate bond sales increased 13% and 14% in 1967.

Mr. Lundborg disclaimed any attempt to defend commercial banking interests. "Broad national interests extending far beyond the narrow confines of the banking business are at stake here," he warned.

Mr. Lundborg urged the leaders of the major political parties to include corrective monetary control planks in their 1968 platforms.

Present Federal Reserve controls have "a very decidedly uneven impact upon different sectors of the economy," Mr. Lundborg charged. Although the controls have been effective in the past "their strength will be sapped by the changes in our economic structure," he stated.

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## IOWA NEWS

**AMES:** Story County banks will have longer banking hours on Fridays and will be closed on Saturdays beginning June 7, according to Herbert F. Moore, president of the Story County Bankers Association. Individual communities will set their own extended Friday banking hours.

**CRESTON:** Bernard D. Duben has been elected vice president of the Iowa State Savings Bank. He succeeds William E. LeMaster,

who has resigned as vice president and director.

**COUNCIL BLUFFS:** Ed H. Spetman, president of the Council Bluffs Savings Bank, has been elected vice chairman of the executive committee of the Iowa College Foundation.

**DES MOINES:** The Iowa Executive Council has upheld the State Banking Department's approval of the merger of the Citizens State Bank of Humeston with the Security State Bank of Allerton and the purchase of some assets and deposit liability of the Lineville State Bank. The Humeston bank will move its main office to Corydon, but continue to have an office at Humeston.

**DES MOINES:** Neal A. Sands, president of the Valley Bank and Trust Company, has been elected treasurer of the executive committee of the Iowa College Foundation.

**DES MOINES:** As part of its centennial year celebration, the Iowa-Des Moines National Bank is sponsoring a management conference for correspondent banks. The conference will be held at the Savery Hotel at 2:00 p.m. Thursday, June 6. Robert A. Burnett, vice president of the Meredith Corporation, will speak during the afternoon session, and Dr. Paul Nadler, well-known economist from New York University, will be the dinner speaker.

**DES MOINES:** John Ruan, Des Moines executive and chairman of

the board of Bankers Trust Company, has made a tender offer to buy a minimum of 8,000 shares of common stock of Bankers Trust. Mr. Ruan already owns, through Ruan Financial Corporation, 40,350 shares of the bank's outstanding stock. T. C. Henderson and Company, Inc., solicited the tenders.

**DONNELLSON:** American Home Investment Company, Davenport real estate investment firm, has acquired a 90% stock interest in Citizens State Bank. Roger H. Payne, formerly executive vice president at the bank, has been elected president.

**MANCHESTER:** R. E. Tool, president of the Farmers and Merchants Savings Bank, has been appointed volunteer chairman of the U. S. Savings Bonds Program for Delaware County.

**OTTUMWA:** Roy (Pete) Peterson, assistant cashier and manager of the downtown office of the First National Bank, has retired after 44 years in the banking business. He started his banking career with the old Ottumwa National Bank in the early 1920's and had been with the First National since 1927.

**REINBECK:** The Lincoln Savings Bank will hold a grand opening in its completely remodeled facilities the afternoons of May 24 and 25. The bank has been completely modernized inside and out. Kirk Gross Company of Waterloo handled the project.

**SHELDON:** The Security State Bank's application for trust powers has been approved by the FDIC.

## NEBRASKA NEWS

**ARCADIA:** Allan E. Masters, former executive vice president of the Arcadia State Bank, has been elected president, to succeed E. L. Vogeltanz, who died recently following a heart attack. Downing Rounds has been named vice president.

**FALLS CITY:** Edwin S. Towie, II, 59, died recently at his home following a heart attack. He was chairman of the board of the First National Bank of Falls City.



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**HOLDREGE:** Robert H. Perry, one of the organizers and the first president of the First Security Bank, died recently at the age of 82. He had retired from the First Security Bank in 1964.

**NORTH LOUP:** Mrs. Dorothy Stine has been named a director of the North Loup Valley Bank, to succeed E. L. Vogeltanz, who passed away suddenly. Mrs. Stine is the wife of bank President Dale Stine.

**OMAHA:** Mrs. Webster E. Pullen has been elected to the board of directors of the West Omaha National Bank, assuming the position held by her brother, the late Gilbert C. Swanson. She is chairman of the board of Swanson Enterprises, Inc.

**OMAHA:** Gilbert Swanson, Jr., president and chief executive officer of Swanson Enterprises, Inc., has been elected a director of the Omaha National Bank, filling the vacancy left by the death of his father.

## MINNESOTA NEWS

**DULUTH:** Emmons W. Collins, who joined the First American National Bank of Duluth 41 years ago, has been elected chairman of the bank's board of directors. He will continue to serve as the First American's chief executive officer. Chet Lind was advanced to president.

**HIBBING:** The Merchants and Miners State Bank will hold an open house in its completely remodeled and enlarged bank building on May 24 and 25.

**LUVERNE:** The name of the Rock County Bank has been officially changed to the Northwestern State Bank of Luverne. The bank celebrated its 86th birthday on May 2.

**MINNEAPOLIS:** John O. Barton has joined the Bank of Minneapolis as an assistant vice president in charge of the installment loan department. He was formerly assistant cashier at First Bloomington Lake National Bank, Minneapolis.

**MINNEAPOLIS:** Mrs. George H. Partridge has been named women's representative of First National Bank of Minneapolis, to succeed Federal Reserve Bank of St. Louis

Miss Frances Baker, formerly assistant vice president and women's representative, who retired this year.

**MINNEAPOLIS:** Burton N. Noah has been elected executive vice president of the Marquette National Bank. He has been vice president and head of commercial banking division I at the First National Bank of St. Paul.

**MINNEAPOLIS:** James W. Sullivan, formerly with the Minnesota Bankers Association, has joined the correspondent banking division of the Northwestern National Bank and will be calling on correspondent banks in Wisconsin, Iowa and Upper Michigan.

**MINNEAPOLIS:** In the recent wave of 'free' checking accounts pushed by many Twin Cities banks, a survey shows about 25% of the Ramsey and Hennepin County banks have lowered charges to customers.

**ST. PAUL:** Edward L. Bronstien, Jr., executive vice president of the U. S. Bedding Company, has been elected a director of the Northwestern National Bank. Vincent L. deMoya has been named a vice president. Mr. deMoya has been associated with the Northwest Bancorporation Examination Department for the past ten years.

## BULLETIN...

**CHARLES CITY, IOWA:** The devastating tornado that wiped out a good share of this city, as well as inflicting similar damage on Oelwein and Maynard the evening of May 15, caused minor damage to the banks, when compared with other buildings that were leveled. Homer Jensen and Jay Tomson, vice presidents of Bankers Trust,

Des Moines, were caught in the city, but managed to evacuate to Mason City. Pete DeRosier, assistant cashier, Central Natl. B&T, Des Moines, drove into Charles City with passes from the Highway Patrol and Sheriff's office and reported that Commercial T&S and First Security B&T lost their front windows, and apparently ledgers and loose papers were sucked out the windows. All phone service was out to the three cities, but no reports of extensive damage to banks in any of the towns was reported. Outside banks have made arrangements to ship immediately any supplies and currency needed to meet the emergency.

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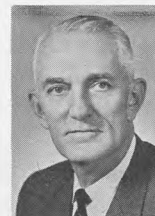
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## BANK PLANNING

### Waterloo, Iowa

#### ILLINOIS NEWS

CHICAGO: The 77th annual convention of the Illinois Bankers Association is being held May 19-21 at the Sheraton-Jefferson Hotel in St. Louis, Mo. The keynote speaker will be Sen. Charles H. Percy who will appear at the first general session today.

CHICAGO: Edmund D. Januchowski has been advanced to vice president and assistant secretary in the trust department at the LaSalle National Bank. Peter D. Cook and Bruno J. Marczyk have been elected vice presidents. Richard W. Wille has been named automation officer and F. Ray Ule installment loan officer.

CHICAGO: A \$500,000 stock dividend has been approved by the directors of the Merchandise National Bank. Payment of the stock dividend, which will increase

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capital stock from \$2,500,000 to \$3,000,000, must be approved by shareholders at a special meeting on June 11.

CHICAGO: The Illinois Sauk Trail Chapter of the Bank Administration Institute recently held its 4th annual seminar at the Cherry Hills Country Club. A record 270 members and their guests attended the all-day event.

CHICAGO: Kenneth V. Zwiener, chairman of the board of Harris Trust and Savings Bank, has been elected to the board of Motorola, Inc.

The following eight promotions have been announced by the bank: J. David Cox, Jessamine Durante, Kenneth R. Kann, John S. Smith and Robert E. Vanden Bosch, assistant vice presidents in the banking department; Anders H. Person, personal banking officer in the banking department; Thomas R. Bradley, auditing officer in the comptroller's department and Richard J. Egan, accounting officer in the comptroller's department.

CHICAGO: Frank R. Ball, Jr., has been named a vice president in the trust department at the Continental Illinois National Bank and Trust Company. Alexander P. Misheff has been named a trust officer and Edward D. Foulke an assistant secretary in the trust department.

P. A. Mack has joined the bank as an agriculture loan specialist, working with Lindley Finch, vice president. He formerly was with

Harris Trust and Savings Bank, Chicago.

Craig A. Gladen and James P. McCollom have been named representatives in the international banking department and William L. Green a real estate officer in the real estate department.

ROCKFORD: The Illinois commissioner of banks and trust companies has granted a permit to organize the State Bank of Rockford, to be located at East State Street and Lynmar Court. The bank will be capitalized at \$300,000 capital, \$300,000 surplus and \$150,000 in operating reserves.

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