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Oppose Fed Limits on Commercial Paper

Many — but not all bankers in the *Northwestern Banker* area have let the Federal Reserve know they are strongly opposed to the Fed's proposal to include commercial paper issued by bank affiliates under interest rate regulation.

The Fed notified banks earlier this month it intended to amend its "Regulation Q" covering payment of interest, so bank holding companies could not side-step the interest restrictions with their own issues of commercial paper. (Commercial paper is the term usually attributed to unsecured loans made to larger business corporations).

John Moorhead, chairman of the Northwestern National Bank, Minneapolis, stated the case for major banks in money market centers at his bank's Fifth Annual Management Conference last week.

Mr. Moorhead said that if the Federal Reserve Board restricts commercial paper it will not be decreasing the lendable funds. It will just be creating another system with banks losing the role as financial middleman.

In this tight money era, there is a growing pool of funds not under control of the Fed, according to Mr. Moorhead. His reasoning is that the Fed should encourage — rather than discourage — banks on

being the conduit in seeing that funds are gathered and distributed to loan applicants in the most effective manner.

On a national basis, executives of some of the largest commercial banks also are complaining about the inequity of the proposal.

"It will not enhance the performance of monetary restraint because it does nothing to reduce the size of the large pool of corporate liquidity that exists outside the banking system, which will continue to support the growth of commercial paper borrowing by other corporations," said one New York banker.

At the time the Fed announced its proposal it estimated bank-related affiliates are holding about \$2.9 billion of commercial paper or 10% to 15% of the entire commercial paper market.

As a result, some bankers describe the Fed's proposal as unfair since commercial paper issued by industrial companies and finance companies is not subject to the same interest ceilings.

The Federal Reserve Board did not set a date for the proposal to become effective. It did, however, ask banks to comment on the proposal by December 1.

While bankers are in complete agreement with curbs on inflation,

many of them feel the banking industry is being treated unfairly.

LATE NEWS

DUBUQUE, IA.: An agreement to acquire an 80.49% interest in Key City Bank and Trust Company, was announced by Hawkeye Bancorporation, Red Oak, Iowa. The total deposits of the bank were \$6,851,758 as of October 31. The acquisition was made from Iowa National Investment Company and must be approved by the Federal Reserve Board.

BELLEVILLE, ILL.: FDIC has approved application for insurance for Bankers Trust Company. Capital accounts total \$1,000,000.

WYOMING NEWS

SHERIDAN: We announced last week that Homer A. Scott had been elected president and chairman of the board, Bank of Commerce, and that Donal C. Brayton had been named cashier of the same bank. Those who thought they had heard the news before were right. We carried the item when it took place almost a year ago. By some still unexplained chain of events, our correspondent in Sheridan sent us the same item this year, exactly one year later, for the second time. For the record — Mr. Scott has been president and chairman since January 1, 1969, and Mr. Brayton cashier for one year.



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IOWA NEWS

BETTENDORF: Floyd W. Sherry, Jr., has been appointed president of the Security State Trust & Savings Bank, effective January 2. He is currently president of the Colona Avenue State Bank of East Moline. Prior to joining the East Moline bank, he was associated with the Fox Lake State Bank, Fox Lake, Ill.

BLAIRSTOWN: The Benton County State Bank recently observed its 100th anniversary with an open house.

COLUMBUS JUNCTION: Paul Stineman of Grandview has been named to the board of directors of the Peoples National Bank. Mr. Stineman is post-master in Grandview.

EAGLE GROVE: David A. Rouse and Wendell W. Bailey have been elected to the board of directors of the Eagle Grove State Bank. Mr. Rouse is vice president at the bank, and Mr. Bailey is cashier.

MARION: Two new members have been named to the Farmers State

Bank board of directors. They are George H. Bowler, mayor of Hiawatha and head of the Bowler Construction Company of that community, and Clair J. Lensing, executive vice president at the bank.

MARSHALLTOWN: Mrs. B. Ruth Johnston and Mrs. Arlene Brittain have been promoted at the Fidelity Savings Bank. Mrs. Johnston, who is in her 12th year with the bank, has been advanced from assistant vice president to vice president, and Mrs. Brittain, who has been on the bank staff for two years, has been named an assistant cashier.

SAC CITY: Clarence W. Burkett, former cashier at the Farmers Savings Bank, Garwin, will join the Citizens Savings Bank here as assistant cashier on December 15. He will have duties as an operational officer.

SPENCER: Robert H. Edge, assistant cashier at the Farmers Trust & Savings Bank, has been killed in the crash of his single-engine aircraft near Royal, Iowa. Mr. Edge was 39.

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WEST LIBERTY: Allen D. Gralapp has joined the West Liberty State Bank. Mr. Gralapp has been serving with the Iowa State Banking Department for the past four years. He also was previously employed with the First National Bank of LeMars.

NEBRASKA NEWS

BARTLEY: Dan Mitchell, vice president and cashier at the State Bank of Bartley, has been promoted to executive vice president. He has been with the bank for 50 years. Mrs. Dorothy E. Foster has been advanced from assistant cashier to cashier, and Byron Owens has joined the bank's staff as assistant vice president.

BEATRICE: Mrs. Russell J. Klein has joined the staff at the First National Bank here.

ELBA: The Elba State Bank recently held an open house in its newly remodeled building.

GIBBON: Lester Sollenberger has joined the real estate staff at the Exchange Bank.

NEHAWKA: A total of 370 persons attended an open house held recently by the Nehawka Bank. The bank held the celebration to mark the completion of its newly expanded quarters. Total area of the bank has been more than doubled.

OMAHA: Ernest T. Tanner, a vice president and director of the First National Bank of Omaha, has died following a short illness. Mr. Tanner, 63, had been associated with the bank since 1925, when he came to Omaha from his native Ireland.

PAPILLION: Effective January 1, the name of the Clarke Bank of Papillion will be changed to the Bank of Papillion. Roy Dinsdale of Palmer, Nebr., purchased controlling interest in the bank from the R. F. Clarke estate in 1966.

SCOTTSBLUFF: The Scottsbluff National Bank last month observed its 60th anniversary. During the 60-year history of the bank, deposits have

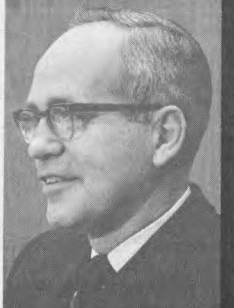
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grown from \$82,000 to over \$21 million.

SOUTH SIOUX CITY: James Long has been appointed executive vice president of the Dakota County Bank. The bank held an open house last month to celebrate its sixth year.

MINNESOTA NEWS

BLOOMINGTON: The Minnesota Supreme Court has upheld an action of the State Commerce Commission in granting a charter for a new state bank in Bloomington. The application was first made in 1966 by a group of Bloomington men and has been in litigation since that time.

KILKENNY: Lowell Pogatchnik, president of the First National Bank, has sold his stock in the bank to Dale Hanka of Minneapolis. Mr. Hanka will be moving to the Kilkenny area. He has been teaching in the Bloomington school system since 1960.

MINNEAPOLIS: The telephone number of the Northwestern National Bank has been changed to (612) 372-8216.

MINNEAPOLIS: Deverne Danburg has been named supervising examiner in the Twin Cities credit department of First Bank System of Minneapolis. He previously served as assistant vice president and cashier of the First National Bank of East Grand Forks.

NEW LONDON: Harold C. Cole, president of the State Bank of New London, has announced that a resolution has been passed by stockholders of the bank to change the name of that institution to the First State Bank of New London.

NEW LONDON: Ronnie D. Baeth has joined the staff of the Farmers State Bank. Mr. Baeth is a teacher in the New London school system.

ILLINOIS NEWS

CHICAGO: Drovers National Bank has advanced Fred D. Cummings from vice president to senior vice president. Larry Makoben has been promoted from assistant cashier to assistant vice president.

deposit insurance for the Oak Trust & Savings Bank has been approved by the FDIC. Eugene W. Butler is president at the bank, where capital accounts total \$2 million.

CHICAGO: Alvin R. Beatty has been elected a vice president at the Merchandise National Bank. He has been active in banking in the Chicago area for the past 12 years and served as assistant vice president with a leading Chicago loop bank before joining Merchandise National.

CHICAGO: The First National Bank has filed an application with the Comptroller of Currency to establish an overseas office in Panama City, Republic of Panama.

WOODRIDGE: The FDIC has approved the application of the Woodridge Bank for federal deposit insurance. Capital accounts at the bank total \$625,000. William T. Dowdy is bank president.

NORTH DAKOTA NEWS

BISMARCK: Ernest W. Pederson has joined the Bank of North Dakota as assistant manager in the mineral leasing division. He has been employed in the state land department for the past 18 years as leasing manager.

Two resignations and one retirement also have been announced at the bank. Charles E. Romsdal, man-



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ager of the bank's mortgage department, has resigned. He had been with the bank since 1965. Duane Friedig, teller at the bank since December, 1968, has resigned to join the State Bank of Burleigh County, Bismarck. Mrs. Dorothy Murphy has announced her resignation from the bank after 37 years. She joined the bank in 1932 and has been working as legal secretary for the past 19 years.

SOUTH DAKOTA NEWS

GAYVILLE: Robert Clausen has been named vice president and manager of the Gayville office of the United



Bob Buenneke

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OMAHA

National Bank of Vermillion, succeeding N. H. (Red) Kortuem, who has resigned to accept the post of president of the Kewanee National Bank, Kewanee, Ill. Mr. Clausen most recently served as vice president of the United National in Vermillion. Arlen Hauge has joined the bank as an installment loan officer, coming to the bank from Sturgis, S. D., where he was associated with the credit bureau in that city.

KENNEBEC: Dave Mertens has joined the United National Bank here as assistant cashier.

PINE RIDGE: Eugene Schnose has been named vice president and man-

ager of the Pine Ridge office of the United National Bank of Vermillion. He has been employed by the Farmers State Bank, Parkston, S. D., for the past two years, serving as cashier. Prior to that time, he served as a bank examiner for the state.

COLORADO NEWS

DENVER: Valerius Hankanson, a former vice president of the American National Bank and a Denver attorney, has died at the age of 70. Mr. Hankanson retired from the bank in 1963.

LAKEWOOD: The Lakewood Colorado National Bank has announced the election of Harry F. Thode, Charles A. Baer and Charles M. DeBelle to the bank's board of directors. Mr. Thode is sales manager of the west office of Van Schaack & Company. Mr. Baer is executive vice president of Colorado CNB Bankshares, Inc., and senior vice president of Colorado National Bank. Mr. DeBelle is vice

president, real estate, for Colorado National.

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