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Will S&L Ruling Affect Regulation Q?

Will the Federal Reserve Board change Regulation Q and increase the interest rate on savings accounts from the current 4% on passbooks and 5% on CD's of less than \$100,000?

Following the Federal Home Loan Bank Board's ruling last week, allowing savings and loan associations to pay 6% on special new certificates, bankers were contemplating the next move by Federal supervisory authorities.

A number of Washington sources expected the FDIC to lift the rates insured, nonmember banks and mutual savings banks may pay on deposits to counter the move made by the Federal Home Loan Bank Board. Even though the Fed has been opposed to a change in rates for member banks, it is hard to see how it could hold out if the FDIC joined the FHLBB in adjusting rates. Arthur Burns, Jr., who will take over as chairman of the Federal Reserve Board on February 1, has indicated that some changes in Regulation Q may be necessary.

FHLBB Chairman Preston Martin noted that S&L's are experiencing a difficult cash flow problem and without action by the Board this problem will increase in the withdrawal period immediately ahead.

Under the FHLBB's action, all S&L members which have the legal power to do so may issue to existing savers of record as of December 15, two-year to five-year certificates which bear a maximum interest rate of 6%.



These certificates may not be issued in amounts less than \$10,000. S&L's, whether or not they have converted to deposit status, are authorized to issue these certificates. However, no member institution will be permitted to issue certificates paying the 6% rate after July 31, 1970.

In addition, a limit of 20% of a S&L's savings as of November 30, 1969, can be converted to the new certificates between now and July 31.

To insure against bunching up of maturities, the Board has limited the amount of savings that could be converted to the new certificates in any six-month period. Of the 20% of total sav-

ings, only half this can be converted to certificates which mature between January 1, 1972, and June 30, 1972. In any six-month period after June 30, 1972, only 5% of the 20% of savings could be converted to the certificates.

Remaining unchanged, Mr. Martin said, are the regular ceilings which generally limit S&L's to paying 4¾% interest on passbook accounts and 5¼% on other certificate accounts.

The safety of S&L's isn't in question, Mr. Martin said, because they have been hoarding large amounts of cash and other liquid assets against the expected withdrawals. This defensive stance, he remarked, is hampering their ability to make new mortgage loans. Moreover, he said, withdrawals are inflationary because the money often goes into either consumer spending or financing of "hot sectors" such as business-expansion projects.

Construction of more houses wouldn't be inflationary, Mr. Martin implied. "While construction, labor and materials costs are up," he said, "they are certainly not at scarcity levels. In fact, unemployment in the construction industry is almost twice that of the total labor force." But

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IOWA NEWS

DES MOINES: John R. Fitzgibbon, president of the Iowa-Des Moines National Bank, has been elected president of the Greater Des Moines Chamber of Commerce for 1970.

DES MOINES: New officers of the Des Moines Clearing House, Inc., an association of local banks, have been elected. They are: President—Robert J. Sterling, president, Bankers Trust Company; vice presidents—John Fitzgibbon, executive vice president, Iowa-Des Moines National Bank, and Hugh Gallagher, chairman, executive committee, Iowa State Bank; secretary—S. G. Barnard, vice president and cashier, Bankers Trust Company.

GRINNELL: Harris R. Stafford has

been named to the board of directors of the Grinnell State Bank. He is executive secretary of the Mayflower Home Board of Grinnell and Ottumwa.

MALVERN: Edward E. Mulholland, cashier at the Malvern Trust & Savings Bank, has been named to the bank's board of directors.

MUSCATINE: The Central State Bank has established a detached teller facility at 122 East Third Street here.

SHELDON: The grand opening of the new drive-in building of the Citizens State Bank at Third Avenue and Eleventh Street was held earlier this month. Wallace Groeneweg is manager of the new one-story, colonial-style brick building.

NEBRASKA NEWS

BLUE HILL: Application of the Commercial Bank here to withdraw from membership in the Federal Reserve System has been approved by the Federal Reserve.

HASTINGS: T. L. Rask will retire as president of the First National Bank of Hastings on April 1, 1970. He will be succeeded by H. Jack Moors. Mr. Rask, who has been in the banking business for 37 years, has been president of the bank since 1963. Mr. Moors has been with the Northwest Bank Corporation, which has the Hastings bank as an affiliate, since 1967. He was elected senior vice president and director of the First

National in 1968 and has been with the bank since 1966.

OGALLALA: Jack Scott, associated with the Keith County Bank & Trust here since 1964, has been named executive vice president. Mr. Scott joined the bank as agricultural representative and later was named vice president.

OMAHA: The directors of the West Omaha National Bank have approved a stock dividend of one share for each five now held. The dividend, which would increase the capital stock of the bank from \$375,000 to \$450,000 is subject to approval of stockholders and the Comptroller of the Currency. This would be the first dividend in the history of the five-year-old bank.

SOUTH DAKOTA NEWS

HURON: Reynold Klay, vice president and manager of the National Bank of South Dakota here, has announced the promotion of Mike Clark from assistant cashier and manager of the time pay department to assistant vice president and manager of that department. Dave Hanten has been named assistant cashier. Mr. Clark has been associate with the bank's Huron office since 1966. Mr. Hanten joined the bank in 1968.

MINNESOTA NEWS

EMMONS: Juel Nelson, formerly agricultural service representative for Interstate Power Company, has been elected agricultural representative of the First National Bank of Emmons.

MANKATO: Jack Howard, executive vice president at the National Bank of Commerce here, has announced two appointments to the bank's staff. Cecil Buckmeier has been named cashier, and Ralph Lindeen has been elected auditor. Mr. Buckmeier was formerly programmer of the Bankers Computer Center and prior to that was employed at the Federal Savings & Loan in Mankato. Mr. Lindeen also has been employed at Bankers Computer Center.

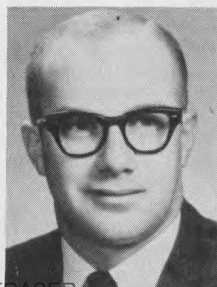
MINNEAPOLIS: Wendell E. Lotthammer of Brooklyn Center has been elec-

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ted assistant cashier of the First Hennepin State Bank. He began his banking career at the First Robbinsdale State Bank, Robbinsdale, Minn., in 1962. From 1962-1965, he was employed at First Hennepin State Bank, returning to First Robbinsdale in 1965, where he is currently an assistant in the installment loan department.

NAVARE: The Comptroller of the Currency has denied the application of the First National Bank of Navarre here to change its title to the First National Bank of Lake Minnetonka.

NEW LONDON: The State Department of Commerce has authorized an amendment changing the name of the State Bank of New London to the First State Bank of New London.

STEWART: Victor Rennecke has joined the First State Bank here, effective January 1, as assistant cashier. He was formerly manager of the Stewart Municipal Liquor Store.

WAYZATA: Dr. W. W. Rieke, a practicing physician here since 1933 and a director of the Wayzata State Bank, has died at the age of 63.

ILLINOIS NEWS

BATAVIA: Ownership of the Batavia National Bank has been transferred to the Batavia Investment Company, according to Walter R. Johnson, chairman of the bank's board of directors. The Batavia Investment Company is a group of investors headed by Thomas V. Markle, president of the Beverly Bancorporation, Inc., of Chicago. Mr. Johnson will continue as chairman. Robert F. Riley, formerly executive vice president of Gary-Wheaton Bank, has been elected president, chief executive officer and a director. Elliott Lundberg has been promoted from vice president to senior vice president. Edward Heveran, vice president in charge of client banks for the Beverly Bancorporation, has been elected to the Batavia bank's board of directors.

CHICAGO: Edgar Heymann, a vice chairman of the Exchange National Bank here, has died at the age of 74. He was a member of the Federal Reserve Bank of St. Louis.

74. Mr. Heymann became associated with the bank in 1928. He became vice president in 1942, was elected president in 1946 and appointed vice chairman in 1965.

KEWANEE: N. H. (Red) Kortuem of Yankton, S. D., has been named president of the Kewanee National Bank. Mr. Kortuem began his banking career at the Union State Bank, Thief River Falls, Minn., in 1949. He also has been employed as executive vice president of the Security State Bank, Gayville, S. D.

PALATINE: The Comptroller of the Currency has approved the application of the Palatine National Bank to locate a facility at 201 West Colfax here.

PEKIN: William E. Troutman, president of the First National Bank & Trust Company, has announced the following two appointments. Robert D. Somers has been promoted from manager, bookkeeping department, to assistant cashier. Larry E. Friend has been named assistant installment loan officer.

WYOMING NEWS

RIVERTON: Keith J. Brighton and John D. Raymond have been named new loan officers at the First National Bank of Riverton.

UPTON: The Union State Bank has moved into its new bank building. Among new conveniences at the bank is a newly installed night depository. A grand opening has been set for next month.

NATIONAL NEWS

LOS ANGELES: Norman R. Rehm has been elected an executive vice president of the Security Pacific

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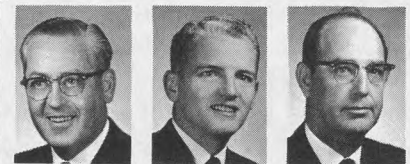
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National Bank and a member of the bank's managing committee. The former senior vice president assumes over-all responsibility for the metropolitan, national and international banking departments. He has been with the bank since 1928.

WASHINGTON, D.C.: The Senate has confirmed President Nixon's nomination of Dr. Arthur F. Burns to head the Federal Reserve System, succeeding William McChesney Martin, effective February 1.



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COLORADO NEWS

COLORADO SPRINGS: A gold pin in recognition of 50 years of service with the Colorado Springs National Bank was presented recently to Armin B. Barney. Mr. Barney began his career with the bank as a teller in 1919. He became president in 1951 and chairman of the board in 1965.

DENVER: Directors of the First National Bank of Denver have advanced R. Allen Jensen, Roger D. Knight III and William C. Morr from assistant vice presidents to vice presidents. Robert W. Panter has been named a trust officer. Promoted from assistant cashiers to assistant vice presidents were: Ross M. Bolt, James W. Moore, John J. Perizzolo and Donald H. Rydstrom. Rodney C. Thomas, assistant cashier, has been named data processing officer. Other new officers include: assistant cashiers - Jonathon E. Baker, Jack W. Calabrese, William E. Cell, Ann E. Gourlay, Verna L. Gunnerson, Mildred J. Leslie, Gloria C. O'Hayre, James C. Ostrander, Shirley Thompson; data processing officer - Gilbert L. Romero; assistant trust officers - Eugene C. Hetland, Nelson B. Saunders, Jr., Jerry L. Stout; investment officer - Gerald W. Kintzle.

DENVER: Donald J. Horst has been named vice president and trust officer at the Colorado National Bank. He is a member of the Colorado General Assembly and has been with the bank since 1960, serving as a trust officer since 1964. Paul C. Gilman has been promoted from assistant trust officer to trust officer. D. Barry Wyatt and Denny Dumler have been named assistant vice presidents;

Franz B. Rolli and Marcel J. Fischer have been appointed investment officers; H. Edward Kluver, tax officer; Alvin D. Reed, systems and programming officer.

DENVER: Alton C. Ekstrom, bank employee since 1959, has been named a vice president at the Denver U. S. National Bank. Also at the bank, Mrs. Belle Bernstein has been appointed information resources officer; James H. Bird, Jr., and David L. Longinaker, trust investment officers; James M. Campbell and Terry L. Hannum, operations officers.

DENVER: Four officers have been promoted at the First National Bank of Bear Valley. Robert D. Binder has been promoted from vice president to first vice president; Frank S. Peterson, from cashier to vice president and cashier; William M. Dinges and Michael F. Everett, from assistant cashiers to assistant vice presidents.

DENVER: Charles L. Ferguson has been named executive vice president at the University Hills Bank. Mr. Ferguson entered the banking business at the National Bank of Commerce in Lincoln in 1960. He was with Evergreen State Bank as vice president before joining the University Hills Bank in 1966.

DENVER: Jerald L. Selinfreund, manager of the Master Charge department at the American National Bank, has been promoted from assistant vice president to vice president. Daniel B. Sullivan has been elected an operations officer and Klaus Golombeck an assistant cashier.

Regulation Q

(Continued from Page 1)
money for home building "is at scarcity levels," he noted, contending that relative shortages of housing are pushing up home costs and rents.

Earlier this month, one Washington observer suggested that the banking industry needs a "white horse" comparable to the savings and loan industry's housing appeal. The most recent ruling proves he is right.

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