

NORTHWESTERN Banker

Oldest Financial Journal Serving The Central and Western States

No. 1205

Des Moines, Iowa

January 19, 1970

Bankers View New Capital Notes

First day sales of the new 7.25% 30-month capital notes by First Pennsylvania Banking and Trust Company, Philadelphia, has reportedly exceeded all expectations. Banks from around the nation have contacted the Philadelphia bank for information concerning the plan.

The issue of subordinate capital notes over the relatively short maturity period is reportedly the first of its kind by a major American bank. Sold in multiples of \$100, the notes were designed for investors who may be unable or who do not want to make the large investment required in bonds, which usually sell at \$1,000 each. Initial sales were in the \$1,000 to \$5,000 range, with a few at \$10,000, but very few at \$100. The investor cannot take his funds out when he wishes, as is the case with deposits.

Supervisory authorities in several *Northwestern Banker* states report that similar type issues might be approved for area banks. It is understood that the issuing bank must appoint a corporate trustee, who has been approved by state and/or national supervisors. Interested banks should also check with the Internal Revenue Service to see if inter-

est paid on capital notes is a deductible item. If the bank invests the funds in municipals, for instance, the IRS might disallow a deduction.

The basic idea of the "First Pennsylvania plan" is, of course, to attract savers, large and small, who are tempted to withdraw funds in favor of placing them in higher yielding corporate or Treasury issues.

It is understood that Regulation Q does not cover issuance of the capital notes as long as they offer a maturity date 30 months or more.

To Adopt New Fed Funds Ruling...

A rule to narrow the category of Federal funds transactions entered into by member banks that may be classified as non-deposit borrowings rather than as deposits has been adopted by the Federal Reserve Board.

The new regulation, which takes effect February 12, exempts from the reserve requirement and interest rate limitation regulations a member bank's liability on Federal funds transactions only with another bank and its subsidiaries, various governmen-

tal institutions or a securities dealer in certain cases.

To assure the exemption for liabilities to banks is not used as a means by which nonbanks may arrange through a bank to sell Federal funds to a member bank that are not subject to Regulations D and Q, obligations within the exemption must be issued to another bank for its own account.

HEW Hikes Student Loan Yield to 9.25%...

The effective yield to lenders on guaranteed college student loans has been pushed to 9.25% for the October-December period of last year by the Department of Health, Education and Welfare—up from the 9% yield that prevailed the previous two months.

The increased yield was authorized retroactively by HEW Secretary Robert H. Finch.

Await President's Message On One-Bank Holding Companies...

The Nixon Administration is still undecided on the stand it will take on one-bank holding company legislation in the Senate this year, but it will oppose

(Continued on Page 4)

For Full Correspondent Banking Service



Jay
Bordewick



Everett
Brown

We're as near
as your phone

CALL 402 341-8765
AREA CODE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The
U.S.
National
BANK
OMAHA



JOHN DIEFENDORF

**When your bank
needs our bank . . .
call John.**

we care **SN** **security national bank**
6TH AND PIERCE, SIOUX CITY, IOWA

IOWA NEWS

CLINTON: Robert Lothringer has been named president and E. C. Halbach, chairman, both at the Clinton National Bank. Mr. Lothringer, who has been serving as executive vice president, succeeds the late I. H. Carnes. Mr. Lothringer has been with the bank since 1960. Mr. Halbach, an attorney, has been a member of the bank's board since 1945.

DES MOINES: John Chrystal, president and director of the Iowa Savings Bank, Coon Rapids, and former Iowa state superintendent of banking, has been named a director of Bankers Trust Company. R. Robert Reed, who joined Bankers Trust in 1967 in charge of the installment loan department, after 18 years with Interstate Finance Corporation, has been promoted from assistant vice president to vice president.

DUMONT: Dallas M. Harrison, chairman of the board of the State Bank of Dumont, has sold controlling interest in the bank to Russell L. Harrison, president of the bank. Mr. Harrison will remain with the bank as chairman of the board, with no other changes in personnel. L. L. Harrison of Hampton has been elected to the bank's board of directors.

GARWIN: Leslie D. Nieuwenhuis has been named cashier at the Farmers Savings Bank of Garwin. He came to the bank from the Pisgah Savings Bank, where he had been employed

for nearly 13 years as assistant cashier and cashier.

HOPKINTON: The following changes were made by directors of Citizens State Bank: Edna M. Mussmann, from president to chairman; Marvin G. Lucas, from executive vice president to president, and Larry R. Hillers, from assistant cashier to vice president.

KEOKUK: R. N. Hoerner, Sr., chairman emeritus and a board member of Hoerner Waldorf Corp., was elected president of Security State Bank to replace R. J. McCleary, now retired. Terry W. Oltmann was named manager, consumer credit department, and Betty J. Rench was elected assistant cashier. William F. Poupard, vice president, Sheller Globe Corp., was elected to the bank board.

RICEVILLE: Rex Willis, president of the First National Bank, has announced the merger of First National and the Riceville State Bank, effective immediately. The personnel at both banks will remain unchanged, according to Mr. Willis.

RICHLAND: Application has been made by the Union Bank & Trust Company, Ottumwa, to convert the Union State Bank here to an office of the Union Bank. Stockholders of the Union State Bank in Richland must approve the action, along with supervisory authorities.

RIDGEWAY: Robert M. McQueen was advanced from vice president and

cashier to president and cashier of Farmers State Bank.

WASHINGTON: Frank L. Kos was advanced to president of Washington State Bank from his position of executive vice president. Lee A. Holland moves from president to chairman of the executive committee.

WEST BRANCH: J. Curtis Barnhart has been elected chairman of the board at the West Branch State Bank. He was formerly bank president. Lawrence C. Rummells has been promoted from executive vice president to president, and John W. Kofoed has been advanced from cashier to executive vice president and cashier. Vice presidents at the bank are Floyd T. Fawcett and William W. Wertzbaugher. C. Harold Stotler, Rosemary E. Sexton and R. K. Anderson are assistant cashiers.

NEBRASKA NEWS

SALEM: John Allee, a member of the group which purchased the Bank of Salem earlier this month from the Huston family, has been named president and cashier at the bank. Harry Huston, long-time president of the bank, and O. E. Lauritson, cashier, have retired. Mr. Allee had been executive vice president at the Wymore National Bank.

MINNESOTA NEWS

BAYPORT: Keith R. Clements, vice president and cashier of First State Bank, was elected president, filling the vacancy caused by the death last October of William E. Alvin. Donald E. Swisher, owner of Bayport Printing, was named vice president. Marvin I. Friedrich was elected cashier.

CLARA CITY: W. B. Jorgens has been named president of Clara City State Bank to succeed G. T. Rugland, who continues as chairman. Clarence Klenke has been promoted from assistant cashier to vice president and also was named a director.

DULUTH: Thomas Johnson, retired trust officer at the Northern City National Bank, has died at the age of 78.

HASTINGS: Richard Greene has been elected cashier at the Northwestern National Bank, and Dennis W. White



*We're here to help
you get what you want*

**IOWA-DES MOINES
NATIONAL BANK**

Member Federal Deposit Insurance Corporation

George Harnagel

**YOUR STATE BANKERS ASSOCIATION
OFFICIAL SAFE, VAULT AND
TIMELOCK EXPERTS
F. E. DAVENPORT & CO.
OMAHA**

1st LINCOLN ...Experts in Mortgage Loans

FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN
12th & N Street • LINCOLN, NEBRASKA • Member: F.D.I.C.



has been named assistant cashier. Mr. Greene has been with the bank since 1966. Mr. White has been with the bank for over a year.

MINNEAPOLIS: Northwestern Investment Fund of Northwestern National Bank of Minneapolis has filed a registration statement with the SEC seeking registration of 500,000 units of participation in the fund. The units will be offered and sold in minimum amounts of \$5,000, without a sales charge. The fund was organized by the bank to make its investment advisory services available to investors; it will invest principally in common stocks and convertible securities offering opportunity for long-term growth of capital and of income.

NORTH DAKOTA NEWS

MINOT: John H. Hoeven has been named president of the First Western State Bank, succeeding Hayden H. Thompson, who had been acting as president since the ouster of Gary R. McDaniel, who is facing federal charges of embezzlement and making false entries in the bank's records. Mr. Hoeven had been president of the Union National Bank here prior to his purchase of stock interest in the First Western State Bank.

ILLINOIS NEWS

BLUE ISLAND: Hugh M. Driscoll,

1st
Minneapolis
HAS AN IDEA FOR YOU
Correspondent Bank Division
First National Bank of
Mpls. • Member
FDIC



Homer Jensen

For Experienced Help
with your
Correspondent Bank Needs
"CALL HOMER"

AREA CODE 515/244-5111



CAPITAL CITY BANK

EAST FIFTH AND LOCUST • DES MOINES, IOWA 50309

retired vice chairman of the National Boulevard Bank, Chicago, has been named president of the First National Bank here, succeeding the late F. M. Hausmann.

SYCAMORE: A charter has been issued for the organization of the Farmers and Merchants Bank at 124 South Main Street here. The bank is to be capitalized at \$600,000, consisting of \$240,000 capital stock, \$240,000 surplus and \$120,000 reserves.

Officers and directors are: Jack L. Sabin, president; Gilbert E. Pooler, executive vice president and cashier; Richard Willey, assistant cashier. The board of directors consists of: Mr. Sabin; Mr. Pooler; Gilbert E. Pooler, Genoa, Ill.; Louis Sisco, DeKalb, Ill.; Hadi Alwan and John Huber, both of Sycamore; M. J. Pooler of Maquoketa, Iowa, who is president of the Coralville Bank and Trust Company, Coralville, Iowa.

The FDIC has approved the bank's application for insurance.



Correspondent services? Rely on
"the pacesetter bank."

"the
pacesetter
bank"



Bankers Trust co.

SIXTH AND LOCUST, DES MOINES

Member: Federal Reserve System and
Federal Deposit Insurance Corporation



© 1968 SONY CORP. OF AMERICA

The Sony Answer Box.

It's a little box with a lot of answers:
Answers to simple things like finding 6.7% of \$280,000.
Answers to humdingers like

$$\sqrt{\frac{\sum x^2}{N} - \frac{(\sum x)^2}{N^2}}$$

It lets you figure out everything from payroll and cost analysis to share-of-market.

It goes all the way up to 9999999999999999, has 3 accumulating registers and 2 memory banks (for things like invoicing without re-entry).

And since it weighs just 14 lbs., and runs on AC or a rechargeable battery pack, you can take it anywhere.

SONY® SOBAX®: Your own little electronic calculator.

ECONOMY SERVICE CO. — Tom C. Hutchinson

1115 High Street, Des Moines, Iowa

Telephone (515) 244-0114



A. S. Rucker, Jr.



Jim Pearce



Norm Cowperthwaite

RUCKER, PEARCE AND COWPERTHWAIT

PART OF THE TEAM WORKING FOR YOU AT

COMMERCE TRUST BANK

Kansas City, Missouri

- I would like to sell my majority bank stock.
- I would like to buy majority bank stock.

Please Contact: J. Mason Henry, President
Charles E. Walters Co., Inc.
P. O. Box 1313, Omaha, Nebr. 68101

WYOMING NEWS

GILLETTE: A former Gillette resident, Dan Baumfalk, has been employed as cashier of the First National Bank. He has been in the

IMPORTANT NOTICE!

We want to publish news of any officer or director changes, increases in capital structure, or other important action taken at your annual meeting. Send this news at once to NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

audit inspector department of the First National Bank, Phoenix, Ariz., for the past two years.

NATIONAL NEWS

KANSAS CITY: Funeral services were held recently for Karl Sagl, retired vice president of Commerce Trust Company. Mr. Sagl, who retired in 1963, died in Leavenworth, Kan.

SAN FRANCISCO: The 22nd National Credit Conference of the American Bankers Association will be held at the San Francisco Hilton Hotel on January 26-27.

Holding Companies ...

(Continued from Page 1)

the House-passed version as too severe.

A high Administration official

said the President may outline his stand on one-bank holding company legislation in his Economic Message to Congress late this month or early next.

The Administration is looking at a number of alternatives, including a new bill that would bring one-bank companies under Federal regulation pending the completion of a thorough study of the role of banks in the economy by a Presidential commission.

WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.
NORTHWESTERN BANKER
306 15th St., Des Moines, Iowa

WANT TO BUY

2 used NCR postronic posting machines. Telephone 515/227-3161. Baxter, Iowa.

POSITION WANTED

Experienced banker - 23 years president of rural bank - varied experience - looking for bank position. Write File EAB, in care of the NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

INCREASE 1970 PROFITS

Cy Kirk and Max Roy, vice presidents of LaSalle National Bank, Chicago, are prepared to assist you and your bank in planning increased profits for 1970. Whether it is an analysis of your bond portfolio or a cost study of your general banking services, LaSalle National Bank has the facilities to serve your every need. Call Cy or Max today at (Area Code 312) 782-5200 for immediate action.

AVAILABLE

Cash-Flow Budget and Farm Loan Application forms for the banker who wants to update his farm loan procedures. Samples for inspection. Farm Business Council, Inc., P. O. Box F, Urbana, Illinois 61801.

There are so many ways we can help you
That's why over half the banks in Iowa are
— MNB correspondents

Peter Bailey
Assistant Vice President



MERCHANTS NATIONAL BANK

CEDAR RAPIDS, IOWA 52401
Member FDIC



Bank Under the Big



"The Bank That Cares"

CENTRAL NATIONAL BANK AND TRUST COMPANY
Member Federal Deposit Insurance Corporation

No. 1205 Northwestern Banker is published five times monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 50¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579), manuscripts, mail items to above address.