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Illinois Faces Banking Law Change

While Illinois bankers were attending their respective annual group meetings and resolving to continue to vigorously oppose all limited branch banking proposals, branching advocates won what may be a major victory in Springfield.

The General Government Committee, meeting at the State Capitol, voted to recommend to "Con Con" delegates that all references to banking be eliminated under a new constitution. The Constitution currently requires voter approval in a referendum of any changes in the Banking Act adopted by the General Assembly.

Myron Heins, IBA president and president of the Bank of Pontiac, announced the decision made by the General Government Committee at the evening session of Group 8 in Springfield. Announcement of the action was also made at the Group 6 meeting in Peoria on the following day.

If the full body of delegates for the Constitutional Convention adopt the recommendation by the General Government Committee and the voters approve a new Constitution this fall, changes in the Banking Act could be authorized by a simple majority in both Houses of the General Assembly. Con Con delegates will consider

the recommendation in about two weeks.



Myron Heins
Announces Committee Decision

The Illinois Bankers Association joined the Commissioner of Banks and the Banking Board in recommending that the referendum requirement be eliminated from the State Constitution provided that changes in the Banking Act be authorized by a two-thirds vote of approval in both Houses of the General Assembly.

The General Government Committee, consisting of 11 members, ignored the wishes of both the Illinois Bankers Association and of the Commissioner of Banks and the Banking Board. The two-thirds vote failed by 9 to 2. The Committee favored the idea of the new Constitution being silent on banking by 8 to 3. Five of the 11 committee members are bankers. Thomas J. McCracken, chair-

man of the Committee, is chairman of The First National Bank of West Chicago. One well-known Illinois banker expressed the opinion that "none of the five bankers on the Committee is in favor of unit banking."

Members of the executive council of the Illinois Bankers Association, representing 1,080 banks in Illinois, were to meet to re-evaluate the IBA position this past Thursday.

Insurance Agents Establish Policy...

The Independent Insurance Agents of South Dakota at their recent board meeting in Pierre, unanimously adopted a resolution stating, "whereas after considerable discussion, the board of directors and officers of the Independent Insurance Agents of South Dakota does hereby direct our State National Director, G. E. Ahern, to make known to the National Association of Insurance Agents officer and legal counsel, the opinion of this board that we do not seek or encourage any legislative effort that would jeopardize the small town bank insurance agencies in this state."

Eases Capital Notes Rule...

The Federal Reserve Board has eased its proposed ruling on is-

(Continued on back page)



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hearing was held in December and the application was denied February 24.

The bank said in its petition that merchants, employees of the shopping center and persons in the area would be served and benefited by the bank. Shoppers at the center also could do their banking at the same location, the bank said.

The bank asked the court to reverse the banking department's judgment, or direct the department to reconsider the application.

Efforts to establish a bank at the shopping center have been underway since 1966.

A charter for the bank was approved that year but Lancaster County District Court reversed the banking department's decision.

In April 1968, a group headed by Walter W. Clark asked for a charter but was denied one. The case was taken to District Court, then dismissed so the bank could apply again, which it did last year.

FRIEND: First National Bank has advanced P. O. Southwick from president to chairman. S. H. Southwick has moved from vice president to president.

NORFOLK: DeLay First National Bank advanced Donald E. Smejkal to vice president; Lyle D. Droescher to cashier; Gilbert Otjen to auditor, and Leo Moschenross to assistant cashier, according to B. M. DeLay, president and chief executive officer.

NEWMAN GROVE: H. L. Gerhart, Jr., president, First National Bank, has been elected second vice president of the Independent Bankers Assn.

PALMER: Roy Dinsdale has been elected president of the State Bank, succeeding his father, the late George Dinsdale.

MINNESOTA NEWS

ALBANY: It was reported that Norm

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Prime Rate Drop . . .

Prime interest rates were cut to 8% from 8½% by a number of major banks. The move, initiated by Irving Trust Company in New York and followed by Bank of America in California, was the first reduction by big banks in this key lending fee in more than 18 months. Although the cut was widespread by late last week, some banks held fast at 8½%, with some bankers calling the reduction premature.

In Chicago, First National, Continental Illinois and Harris Bank lowered their rates, and other major banks were expected to follow. Commerce Bank in Kansas City, dropped its rate, and other key banks were expected to do likewise. Major banks in the Twin Cities dropped their rates early Thursday morning. Banks in other reserve cities in the central and western states made similar moves from 8½ to 8%.

Most bankers agreed that it would be a selective drop, and that there would be fewer prime loans than ever before. Loan demand continues high, and money is short as indicated by the fact that on some days major banks are still paying up to 10% for Fed funds. One city banker explained that only national concerns would be affected, particularly the ones where his bank was involved in credits with other banks. This reasoning seemed to prevail.

It remained unlikely that the Federal Reserve would soon seek to accelerate the downtrend by reducing its own discount rate on loans to member commercial banks.

Although the prime-rate cut will influence rates in these and other short-term instruments, it isn't expected to have much effect on long-term rates. Rates on home mortgages, for example, probably won't come down from their present high levels.

IOWA NEWS

CORYDON: Open house was held by the Corydon State Bank in its new building Saturday. The bank suffered a severe fire nearly a year ago.

DES MOINES: Plans should be made now to attend the 49th annual State Banking Conference, to be held in Des Moines on Thursday, April 9 at Johnny & Kay's Motel. Discussion will be held on the Iowa Banking Code of 1969, current legislative activity in Washington, and the 63rd Iowa General Assembly legislation.

NEBRASKA NEWS

BELLEVUE: The Southroads Bank has appealed to Lancaster District Court the State Banking Department's refusal to grant the bank a charter at the Southroads Shopping Center.

The corporation applied for the bank charter September 18, 1969. A

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Skalicky has repurchased his interest in the Stearns County National Bank. He will remain as president, and Roger Voit will continue as vice president and cashier.

BLUE EARTH: Al Holland has been advanced from assistant cashier to cashier of the Blue Earth State Bank. W. H. (Jim) Schneider has retired.

MONTGOMERY: Lorne R. Newhouse has been named president of the Citizens State Bank. He was previously an assistant vice president of the Marquette National Bank, Minneapolis, serving in its correspondent department. Lyle J. Stotesbery has moved to chairman of the board. Other changes include: Leonard Ouradnik, to executive vice president; Frank Svejda to senior vice president, and Frank J. Dedina, to vice president and cashier. Mr. Newhouse and Mr. Ouradnik were elected to the board of directors.

PIPESTONE: Don Boelter has resigned as vice president and cashier of the Pipestone National Bank to accept a position as an officer with the First National Bank of Arizona in Casa Grande, effective April 1. He was with the Pipestone bank for 24 years.

ROCHESTER: First National Bank has announced seven promotions. The promotions are as follows: J. B. Lindstedt from assistant vice president to vice president of the timepay department; Starr Kirklin from assistant vice president to vice president, commercial banking division; August Williams from assistant cashier to assistant vice president, commercial banking division; R. Alan Lichty to assistant cashier, commercial banking division; Merton Gustad from unit loan manager to installment loan officer in the timepay department;



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Paul Broadbent from assistant trust officer to trust officer, and Douglas Wright to assistant trust officer.

ST. PAUL: Edward L. Kalafat has been elected vice president of the Highland Park State Bank, according to Richard Stevenson, president.

Mr. Kalafat is well-known to upper midwest bankers, having served as an assistant vice president of the First National Bank, Minneapolis, in its correspondent department.

VIRGINIA: Raymond H. Willenbring has been named cashier of the State Bank, replacing Jean P. Bennett, who resigned to join the First National Bank & Trust, Fargo, N.D.

NORTH DAKOTA NEWS

BEACH: James F. Voll has joined the Farmers and Merchants Bank's staff as ag representative. He was with the First James River National Bank, Jamestown.

FARGO: First National Bank and Trust Co. has hired two new assistant vice presidents. They are: Jean P. Bennett, formerly cashier of the State Bank of Virginia, Minn., and David S. White, formerly with the First National, Marshall, Minn., where he was assistant vice president.

JAMESTOWN: Stutsman County State Bank is ahead of schedule on its new building. Completion date is planned for a June opening.



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RUGBY: David Bye has joined the Merchants Bank as ag representative. He has been with the Farmers Home Administration.

WYOMING NEWS

GREYBULL: First National Bank has advanced Jack Linderman to executive vice president. Other promotions include: Gerlad H. Holm, to vice president; Ronald G. Wright, to cashier, and Grace Larson, to assistant cashier.

Challenges Banks on Cards...

The Federal Trade Commission plans court action to see if it can exercise authority over commercial banks. It issued a trade regulation last week prohibiting companies other than banks and common carriers from issuing unsolicited credit cards. The FTC indicated it intends to take the matter to court on the claim that credit card business is not strictly a banking function and therefore falls under the FTC jurisdiction.

The Federal Reserve Board and other banking agencies oppose the FTC position.



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ILLINOIS NEWS

CHICAGO: Henry K. Gardner was elected president and director of National Boulevard Bank effective April 15, to succeed Hans W. Wanders, president since January, 1966.

Mr. Wanders is leaving the bank to become executive vice president, fiduciary administration, at Wachovia Bank and Trust Company, N.A., Winston-Salem, N.C.

Mr. Gardner was vice president and head of Group 2, Metropolitan Division for Continental Illinois National Bank.

CHICAGO: The Northern Trust Company has announced that Solomon Byron Smith will retire as chairman of executive committee on May 1. He will be 65 in April. His younger brother, Edward Byron Smith, is chairman of the board.

CHICAGO: Drivers National Bank has elected Richard Knol as vice president. He heads the savings department.

PLAINFIELD: Milbert L. Larson, recently elected president of the Plainfield National Bank, was killed in a one-car accident recently. He was formerly a vice president of the First Galesburg National Bank and Trust Company.

SKOKIE: Skokie Trust and Savings

Bank has named John P. Bertrand as vice president of public relations and business development. Robert A. Jasica has been advanced to vice president and assistant trust officer, and John P. VanWingeren has been moved up to cashier.

Set 1971 Convention for Independent Bankers ...

The Independent Bankers Association will hold its 1971 annual convention at the Radisson Hotel in Minneapolis, March 29-31. Over 2,000 attended the 1970 convention in Honolulu.

Caution Designers Of Scenic Checks ...

The use of landscape scenes and other designs as background printing on checks has found popular favor, but can occasionally lead to operational difficulties. The American Bankers Association cautioned last week. It is essential that the standards set forth for check design be adhered to in fancy or scenic checks.

Capital Notes ...

(Continued from Page 1)

suance of subordinated capital notes to avoid potential hardship to member banks that made public offerings of notes by March 9 but had

not completed sales by then. The Fed has said that if such notes were issued before the effective date of the ruling and were pursuant to a public offering made before March 9 then such notes would be exempt from the ruling. The proposed change would set a minimum maturity of more than five years and a minimum denomination of \$20,000 on capital notes issued by a member bank.

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