

NORTHWESTERN Banker Newsletter

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Insurance Agents Criticize Fed Ruling

Informed sources in Washington, D. C. have told the NORTHWESTERN BANKER that organized insurance agents intend to take action against the Board of Governors of the Federal Reserve System, following the Board's ruling that permits bank holding companies to write insurance.

A National Association of Insurance Agents executive expressed the feeling that there is a definite conflict of interest in allowing the Fed to make such a ruling, and that NAIA may well take the matter to court on this basis.

Robert V. McGowan, president of the National Assn. of Mutual Insurance Agents, also served notice of his association's legislative intentions. The notice was a reconfirming of the warning he gave governors of the Federal Reserve at hearings on the matter.

In its action, the Fed said bank holding companies may engage in certain types of insurance agency activities wherever they have business offices.

The Fed also permitted bank holding companies to sell all kinds of insurance in towns of less than 5,000 population where the holding company has an office. The "small-town" provision parallels a similar provision in the National Bank Act authorizing national banks to sell insurance in smaller communities.

The Fed went further and said that bank holding companies may sell all types of insurance in any community, regardless of size, in which they have an office if the holding company can dem-



Conflict of Interest??

onstrate "inadequate insurance activities."

The Fed ruling says that holding companies may act as an insurance agent or broker in offices at which the holding company or its subsidiaries are otherwise engaged in business, or in an adjacent office, with respect to any insurance:

1. For the holding company and its subsidiaries.
2. Directly related to an extension of credit by a bank or a bank-related firm described in the regulation.
3. Directly related to providing other financial services by a bank or such a bank-related firm.
4. When sold as a matter of convenience to the purchaser, so long as the premium income from sales in these situations is an "insignificant portion" of the aggregate insurance premium income sold outside the holding-company family or outside the following:
5. As a matter of convenience in

towns with 5,000 population and where the Fed has agreed that a holding company has demonstrated a community has inadequate insurance agency facilities.

Said Mr. McGowan: "It is apparent that the battle has just begun if we are to protect the interests of our members and the right of the American public to a competitive consumer market from the continuing onslaught of the banking community of America."

One important fact that should not be overlooked is that in the NORTHWESTERN BANKER area, bankers make up a substantial percentage of the membership in both the mutual agents association and in the NAIA!

FNMA DECREASES RATES

The Federal National Mortgage Association announced a decrease in its rates on short-term discount notes. Oakley Hunter, President of FNMA, said the new schedule of rates for the various maturity ranges and the old rates are as follows:

Maturity Range	New Discount Rate	Previous Discount Rate
(% per annum)	(% per annum)	(% per annum)
30-59 days	4.25%	4.50%
60-89 days	4.50	4.75
90-179 days	4.70	4.90
180-270 days	4.80	5.25

The notes are marketed and distributed by Lehman Commercial Paper, Inc.; A. G. Becker & Company, Inc.; Goldman, Sachs & Company; and Salomon Brothers.



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IOWA NEWS

CEDAR RAPIDS: FDIC has approved the application for Brenton Bank and Trust Co. of Cedar Rapids. Capitalization is \$1,000,000. Donald C. Nebergall, currently sr. v.p., Poweshiek Co. Nat'l. Bk., Grinnell, is listed as the new pres. Location of proposed bank will be across from Roosevelt Hotel. App must be approved by Board of Governors of Fed.

DES MOINES: The Iowa Bankers Assn. will hold its 17th annual Instalment Lending Conference at Hotel Savery this week - Sept. 2 & 3.

DES MOINES: Bankers Trust Co. has applied to Federal Reserve for a parking lot office at 1552 East Euclid Ave.

ELDORA: Open house was held by Hardin County Savings Bk. on August 27 celebrating the 100th birthday of its former employee, Frank Jackson. Mr. Jackson began work Sept. 1942 at the age of 71. He continued until January, 1966, when he retired at age 94.

GRINNELL: Funeral services were held last week for A. Judson Blakely, v.p. and long-time director of the Grinnell St. Bk.

GRUNDY CENTER: Open house was held Saturday, August 28 by the Farmers Savings Bank in its new bank building.

LEON: Controlling stock in the Decatur Corporation has been sold by Bert Millis of the Iowa Barber College in Des Moines to Deryl Hamann, Omaha attorney. The Decatur Corporation controls the Decatur County State Bank. Mr. Hamann will succeed Mr. Millis as president. Ward Kilgore, executive vice president, will continue as managing officer.

MELVIN: Funeral services were held last week for Donald D. Daggett, 55, cashier and director of the Melvin Savings Bank. Death was caused by a heart attack. He had been with the bank for 20 years. He was also director of the Osceola Co. Agricultural Credit Corp., which has its office in the bank.

STRATFORD: Funeral services were held recently for Ollie Tomson, 84,

Northeast Iowa Banks

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father of O. Jay Tomson, exec. v.p., Marquette Nat'l. Bk., Minneapolis.

MINNESOTA NEWS

FALCON HEIGHTS: A new bank called the North Star State Bank, formerly the Falcon Heights State Bank, opened its doors recently, according to Dr. A. E. Ritt, president. The Falcon Heights State Bank opened for business on February 3, 1947, with starting capital stock of \$50,000.00 and has 3 employees. Today, almost 25 years later, the bank has 25 employees and total assets in excess of 12 million dollars and total capital in excess of 1.5 million dollars. The bank now has the largest amount of total and capital surplus of any bank in the immediate area.

HUNTLEY: After 36 years of work at Farmers State Bank of Huntley, Lloyd Schellenberg, 62, vice-president, has retired.

Schellenberg retired Friday and by 2 p.m. was on his way north to his favorite fishing spot at Crane Lake just south of the Canadian border.

LONG PRAIRIE: Everett R. Lux, 77, a Director of First National Bank of Long Prairie, Long Prairie, passed away recently after a brief illness. Mr. Lux had been an implement dealer in Long Prairie for many years and also a director of the bank since 1927.

MINNEAPOLIS: Clifford C. Sommer, president of the American Bankers Association, has been elected a vice president of Northwest Bancorporation.

Mr. Sommer, who has been president of the Security Bank and Trust Company of Owatonna, Minnesota, since 1955, assumes his new post November 15. He will work on special projects under direction of Northwest Bancorporation president Henry T. Rutledge. Mr.

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Sommer will continue to serve on the board of directors of the Security Bank and Trust Company.

A native of Rush City, Mr. Sommer worked in the family bank before joining the Midland National Bank of Minneapolis in 1932, rising to vice president. He left Midland to become president of the Owatonna bank.

PINE CITY: The First National Bank of Pine City announced the addition of Dennis Bruhe to its staff. He has been named assistant vice president and his duties will be mainly serving as a loan officer.

NEBRASKA NEWS

OMAHA: Frank O. Starr, president of The Omaha National Bank announced the appointments of five new officers following a division heads meeting. The appointments are as follows: Jan R. Valentic to operations officer; Ronald R. Calek to assistant operations officer; Kenneth E. Johnson to assistant operations officer; Donald J. Schnoor to assistant operations officer; and Gerlad Spohn to assistant operations officer.

OMAHA: George C. Rankin, now vice president in charge of the Omaha Branch of the Federal Reserve Bank of Kansas City, has been named vice president in charge of the Reserve Bank's Denver Branch. The announcement was made jointly by Cris Dobbins, chairman of the board, Ideal Basic Industries, Denver, who is chairman of the Denver Branch board of directors; and George H. Clay, president of the Kansas City Bank.

Mr. Rankin, who will assume his new duties late in September, succeeds John W. Snider, who has headed the Denver Branch for the past seven years. Mr. Rankin has been with the Kansas City Reserve Bank since 1956 and has headed the Omaha operation since 1963.

SOUTH DAKOTA NEWS

MITCHELL: The North Branch of the

Mitchell National Bank was recently opened according to Bernie Horstman, senior vice president and cashier. The North Branch is located in the Super City Shopping Center. Donald Bowmar has been named branch manager.

SIoux FALLS: Board of directors of the First National Bank has made some changes in officer personnel.

Lee Viberg was elected to the position of assistant vice president. Robert S. Baker, assistant vice president, was appointed manager of the Western Mall Branch. W. D. Nelsen, assistant cashier, was appointed assistant branch manager of the Western Mall Branch.

WYOMING NEWS

JACKSON HOLE: The Board of Governors of the Federal Reserve has given final approval to Wyoming Bancorporation's application for a charter for The First National Bank of Jackson Hole (Wyo.), according to Paul Howes, president of the registered multi-bank holding company.

Directors of the bank, approved in earlier action by the U.S. Comptroller of the Currency, include: Chadwick H. Carpenter, retired Standard Oil of New Jersey executive and owner of Crystal Springs Inn in Teton Village, Wyo.; Abi Garaman, Jackson city councilman and partner in The Ranch Shops; Dr. Denis Lyman, Jackson dentist; Carlin Smith,

theatre executive and vice chairman of Wyoming Bancorporation's board of directors; and Mr. Howes. Mr. Carpenter was elected chairman of First National Bank's board in an interim meeting in June.

Tentative opening of the new bank has been set for Oct. 1, 1971 in temporary modular quarters. Plans are currently being reviewed for a permanent banking structure to be built in the near future.

COLORADO NEWS

BEAR VALLEY: Robert D. Binder has been elected president of the First National Bank, replacing Richard C. Meckley, resigned. Mr. Meckley will become president of the National State Bank of Boulder. Both banks are members of the First National Bancorporation, Inc.

COLORADO SPRINGS: Colorado Commercial Bank has moved to its new quarters in a new six-story building at Kiowa St. and Cascade Ave., according to Robert E. Trego, president.

The bank's new location has four automated teller stations at the drive-up windows and a special drive-up station for commercial transactions.

The bank will occupy the ground floor and lower level of the new building, and the completed facility is expected to cost about \$2 million, bank officials said.

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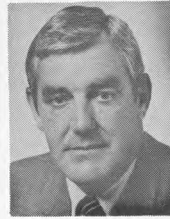
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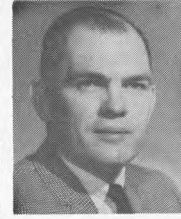
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COMMERCE BANK of Kansas City

ILLINOIS NEWS

CARY-GROVE: Kenneth A. Crow, former president of the Iowa County Savings Bank, Marengo, Iowa, will become executive officer of the newly-chartered First Security Bank here. The bank plans to open October 1.

CHICAGO: William O. Kurtz, senior vice president, American Nat'l. Bk. & Tr. Co., has resigned as of November 1 to become president of Metropolitan Bank and Tr. Co., 2201 West Cermak Road. The bank has over \$18.5 million in deposits. Mr. Kurtz is currently chairman for the Foundation for Full Service Banks in Illinois.

DECATUR: John L. Bailey has been named assistant vice president, and Gary Quinlan has been named assistant cashier at First National Bank.

EVANSTON: Joseph D. Barnette, Jr. has been promoted to executive vice president of the First National Bank & Tr. Co. He joined the bank in May, 1969, as senior vice president.

GALATIA: A state charter has been issued to Galatia Community State Bank. Total capitalization is \$400,000. Officers and directors will be Cecil B. Pulliam, president; Roswell Sloan, vice president; Egbert Tate, vice president, and Ray-

MATTESON: Michael J. Gaffney has been named business development officer for Matteson-Richton Bank. Monday Day, executive vice president and cashier.

OAK PARK: Gerald D. Chartier has been elected assistant vice president, commercial loan department, at the Oak Park Trust & Savings Bank.

ST. JOSEPH: Louis J. Nelson has been named assistant cashier at the State Bank of St. Joseph. He was formerly a vice president of the Associated Financial Services Company, South Bend, Ind.

WISCONSIN NEWS

LUBLIN: The Peoples Exchange Bank has received approval from the FDIC to establish a branch in the Village of Lublin.

WANT ADS

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