

NORTHWESTERN Banker Newsletter

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May 1, 1972

Name Operating Officer For Des Moines Clearing Center



Rudolph Dybeck

Rudolph Dybeck, an up-through-the-ranks assistant vice president at the Federal Reserve Bank of Chicago with broad experience in check handling procedures, has been appointed chief operating officer of the Fed's new regional check processing center in Des Moines. The center, scheduled to open this year, will have a staff of about 250 people. It is anticipated that the center will provide overnight clearing of checks for most Iowa banks, handling approximately 750,000 items daily.

Plan ABA Mortgage Loan Conference for St. Louis

Housing, one of this nation's most pressing problems, will be under intensive scrutiny May 4-5 in St. Louis when the American Bankers Association holds its 12th National Mortgage Conference.

More than 500 bankers will hear keynote speaker George Romney, Secretary of Housing and Urban Development.

A series of concurrent workshop sessions on practical topics will also be included in the conference.

Registration will open at 3 p.m. Wednesday, May 3 at the Chase Park Plaza Hotel in midtown St. Louis.

Senator Proxmire Files Credit Life Rate Bill

Legislation to prevent overcharging for credit life, health and accident insurance has been introduced in the Senate by Sen. William Proxmire (D. - Wis.).

The measure is identical to one introduced in the 91st Congress by Sen. Phillip A. Hart (D. - Mich.). Sen. Hart is a co-sponsor of the current bill.

Mr. Proxmire said, "Latest statistics on the credit life industry reveal continued overcharges to the American consumer." He claimed these overcharges ran a minimum of \$276 million a year, and "could be as high as \$454 million."

Mr. Proxmire's proposal takes the form of amendments to the Consumer Credit Protection Act. "There is a pressing need," he said, "for Federal regulation as the only sure method for stopping the overcharge."

Under the measure, the board of governors of the Federal Reserve Board would be authorized to set maximum rates for credit life, accident and health insurance. The rates would be based on a ratio of losses to premiums paid. Factors such as administrative costs and loss records of other types of group insurance would also have to be considered as the Federal Reserve Board set the maximum rates.

Also contained in the measure is a provision calling for periodic review of the established maximum rates, and for

annual reporting to the FRB by those issuing such insurance. These annual reports would be used by FRB as the basis for setting rates.

Information in these reports would be made available to the general public on request.

In any state where the FRB determines state authority has set "substantially similar ceilings," and the ceilings are being enforced, the state would retain its authority to set rates.

"New" Dollar Bills Roll Off the Press

The first dollar bills with the signature of the new Treasurer of the United States, Romana Acosta Banuelos, have been run off the press. The bills, which also bear the signature of Secretary of the Treasury John B. Connally, will start circulating later this year as current supplies of currency are depleted or retired. The new series of Federal Reserve notes, designated 1969B for the \$5 through \$100 denominations, and 1969C for the \$1 denomination, will probably be released in May.

Rule Bank Overdraft Charges Subject to Price Control

Bank overdraft charges on checking accounts and merchant discounts under bank credit card plans are both "prices" and subject to price control under the Economic Stabilization Regulations, the Price Commission has ruled.

(Continued on back page)

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IOWA NEWS

Plan Independent Convention

Iowa Independent Bankers will hold their first annual convention at the New Inn at Lake Okoboji, July 6, 7, and 8, according to Dean A. Knudsen, president. Mr. Knudsen is president of the University Bank and Trust Co., Ames. Reservations are being handled by John Spies, president, Iowa Trust and Savings Bank, Emmetsburg.

CLINTON: James F. Andresen has been promoted to vice president of the First National Bank. Mr. Andresen joined First National in 1952.

DES MOINES: An "agreement in principle" has been reached for the Adair County State Bank, of Greenfield, to become affiliated with Central National Bancshares, Inc., Des Moines, holding company that has as its principle asset Central National Bank and Trust Co. here.

This was announced by J. E. Howe, chairman, and T. N. Howe, president of the Greenfield bank, and by B. C. Grangaard, president of the holding company.

The agreement has been approved by the boards of both firms, but is subject to the approval of regulatory authorities. Under the proposal T. N. Howe would become a member of the board of Central National Bancshares.

Mr. Grangaard, declaring the affiliation will result in more services being available to people in the Greenfield area, said the holding company is pleased

that "present officers of the bank have agreed to continue in their present position," resulting, he said, in the management of the bank remaining with the local board and officers.

Details of the proposed acquisition of the Adair County State Bank, which had assets last Dec. 31 of \$9,553,038, were not disclosed.

OTTUMWA: Phil Blackford, 92, retired banker and father of J. C. Blackford, pres., Union Bank and Trust Co., Ottumwa, died recently. The senior Mr. Blackford was president and owner of the Hillsboro Savings Bank, before his retirement.

NEBRASKA NEWS

BELLEVUE: The Bank of Bellevue has announced the appointment of Fred W. Wilson to vice president. Mr. Wilson was formerly assistant vice president.

OMAHA: The Omaha National Bank has announced the promotions of John A. Cermak and Donald M. Miller to second vice president. Mr. Cermak joined the bank in Oct., 1968. Mr. Miller joined the bank in Jan., 1970. The bank also announced Donald F. Holst has been promoted to loan officer, Gary Thrasher to commercial loan officer, John H. Nigh to assistant correspondent bank officer, and Gordon H. Fleer to assistant credit officer.

OMAHA: Funeral services were held last week for Charles K. Voorhees, 62, director and vice president of the First National Bank.

ILLINOIS NEWS

CHICAGO: Robert O. Shelley has been elected executive vice president and appointed to the board of directors of the Michigan Avenue National Bank. He will

operate in the bank's commercial loan area.

CHICAGO: Richard C. Rastetter, senior vice president of the Continental Bank, has been named Illinois state chairman of the Foundation for Full Service Banks. Mr. Rastetter will be responsible for membership recruitment and liaison activities in Illinois.

CHICAGO: Eight vice presidents were elected at Continental Illinois National Bank and Trust Co.: Ronald Ericson, bond dept.; Garry J. Scheuring and Jack H. Woods, commercial banking dept.; H. William Anderson, international banking dept.; Maurice Jacques and Robert L. Stahl, London branch; Neil A. Franzen, Paris branch, and Fred H. Remmert, cashier.

GALATIA: The Galatia Community State Bank, which was chartered Aug. 16, 1971, opened its doors for business May 1, in its newly completed building.

GLENDALE HEIGHTS: The First Security Bank of Glendale Heights has named Melvin R. Hinterlong as the new assistant cashier. Mr. Hinterlong was formerly assistant cashier at the Naperville National Bank and Trust Co.

PEKIN: Larry R. Fabry was named vice president and cashier of the First National Bank and Trust Co. Ollie M. Smith was promoted to assistant vice president from installment loan officer.

SPRINGFIELD: The 35th Annual Illinois Bankers Assoc. Trust Conference will be held May 9 & 10 at the Holiday Inn East in Springfield. Proposed legislation in the 70's and commercial banks and trust departments will be discussed.

MINNESOTA NEWS

COON RAPIDS: Plans to affiliate First State Bank with Mid America Bancorporation, Inc., St. Paul, were announced recently by David A. Shern, president of Mid America, and Edward H. Hamm, owner of the Coon Rapids Bank.

FERGUS FALLS: Wesley A. Waage, president of the Fergus Falls State Junior College has been named a director of the Fergus Falls National Bank.



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GRAND RAPIDS: W. G. King, president of the First National Bank, has been reappointed to the National Advisory Council of the Small Business Administration for another two-year term.

MANKATO: George M. Leland, president of the First National Bank of Mankato, recently announced that negotiations have been completed for the purchase of 27,000 sq. ft. of land from the Mankato Housing and Redevelopment Authority. It is First National's intention to construct a new bank. Wick, Stansfield and Kagermeier are the architects for the project.

MANKATO: Eugene Brandt has been elected vice president of the Northwestern National Bank. Mr. Brandt was formerly with the Northwestern National Bank of St. Paul.


MINNEAPOLIS: Marvin Borman, partner in the Minneapolis law firm of Mason, Kaplan, Edelman, Borman, Brand & McNulty, has been elected to the board of directors of National City Bank of Minneapolis.

MINNEAPOLIS: Roland D. Graham has been named senior vice president of the Federal Reserve Bank of Minneapolis. Sheldon L. Azine and Ruth A. Reister have been promoted to the official staff and Thomas E. Gainor and Melvin L. Burstein promoted to vice president and general counsel, respectively.

MINNEAPOLIS: Edward L. Kalafat has been elected president of the First Bloomington Lake National Bank. He succeeds Gordon Olson who has been president of the bank since Dec. 19, 1963. Mr. Olson will continue with the bank as chairman of the board.


MINNEAPOLIS: Gordon Murray, chairman of the First National Bank since 1968 retired recently. No successor has

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Joe Phernetton
Vice President

been named. Mr. Murray joined the bank in 1927.

ROCHESTER: A. A. Williams, assistant vice president of the First National Bank, was elected cashier recently. He also remains assistant vice president. He will succeed Kenneth Hagaman as cashier, who is retiring after 46 years with the bank.

ST. JAMES: Earl F. Henderson was recently elected president of the Citizens State Bank. He succeeds Hubert Ranson, one of the bank's incorporators. Mr. Henderson was formerly with Valley National Bank at North Mankato as vice president.

ST. PAUL: Donald G. Dick has been elected executive vice president of the First Grand Avenue State Bank recently. Mr. Dick joined First Grand as vice president in Sept., 1968.

ST. PAUL: James P. Monpas was recently promoted to vice president of Gambles Continental Bank. Prior to his promotion, he was assistant vice president in charge of installment loans, credits and collections.

WABASHA: Edward M. Passe has been promoted from assistant cashier to cashier of the First State Bank. Carl J. Munson was also advanced to operations officer.

MONTANA NEWS

MALTA: The First Security Bank of Malta has been admitted to membership in the Federal Reserve System.

NORTH DAKOTA NEWS

BISMARCK: The Central North Dakota Chapter of the Bank Administration Institute will sponsor a study of the "Family Budget" for all bank personnel and their spouses at the Bismarck Municipal Golf and Country Club, May 4, 1972, beginning with a social hour at 6:30 p.m.

SOUTH DAKOTA NEWS

IPSWICH: The National Bank of South Dakota has announced the election of Lavern L. Ernst as assistant vice president. Mr. Ernst joined the bank in May, 1969, and has been working in the installment loan dept.

COLORADO NEWS

DENVER: Mountain Banks Ltd. has acquired controlling interests in the stock of four Colorado banks and all the assets of Rocky Mountain Financial Services, Inc., which owned a fifth bank plus other nonbanking services. The banks acquired are: First National Bank and Park National Bank both of Pueblo, Exchange National Bank of Colorado Springs, Cherry Creek National Bank, Denver, and South Denver National Bank.

POSITION WANTED

Young family man, five years insurance experience, rural background, interested in small town agency, life specialist, or manager position. Write File NKV, in care of the NORTHWESTERN BANKER, 306 - 15th Street, Des Moines, Iowa 50309.

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OVERDRAFT CHARGES...

(Continued from page 1)

In the former case, a bank wanted to increase its charge from \$3 to \$4 per overdraft. The bank called the charge a "penalty" and requested a ruling that it was not subject to the government's price controls.

The Price Commission said the fact that the bank termed the charge a "penalty" was "immaterial since it is compensation for a service."

"When determining the applicability of the Economic Stabilization Regulations to any transaction, the substance of the transaction and not the form controls," the Price Commission said. "Thus any increase in the (overdraft) charge... is subject to the Economic Stabilization Regulations."

In the credit card case, the bank wanted to increase the merchant's discount from two to three percent. It contended this was not subject to the price control regulations since it was a function of interest rather than price.

The Price Commission disagreed. "A merchant discount is a price and therefore, nonexempt from the Economic Stabilization Regulations," it declared.

"This is nothing more than the sale of a service by the bank to the retail community. The bank is acting as a collecting agent for the store. It also is assuming the retailer's risk that the purchaser will never pay. Compensation for a service is a price."

To Appeal Travel Agency Decision by District Court

The Comptroller of the Currency and the South Shore National Bank, Quincy, Massachusetts, have filed notice that they will appeal a decision by the U. S. District Court in Boston which ruled that national banks are not authorized to

operate travel agencies under Federal Law.

At the same time, the Association of Bank Travel Bureaus, the national trade association for banks with travel departments, has disclosed that it will lend financial backing to South Shore National.

The appeal, which will be heard in the First Circuit Court of Appeals here, seeks to have overturned the District Court's Feb. 22 ruling in a suit brought against the Comptroller and the bank in 1967 by a group of 42 Massachusetts travel agents headed by Arnold Tours, Inc.

At that time, the District Court ruled that Federal statutes do not authorize banks to operate travel agencies and that the Comptroller has repeatedly exceeded his authority in approving such services for national banks.

The court also ordered South Shore National to divest its travel operation within six months of the judgment and enjoined the bank from engaging in the travel business.

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WANT ADS

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