

NORTHWESTERN Banker Newsletter

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May 29, 1972

ABA Voices Concern Over Fed Changes

"Many banks would have less money available for lending and would suffer an adverse impact on their earnings if proposed changes in Regulations D and J are not modified."

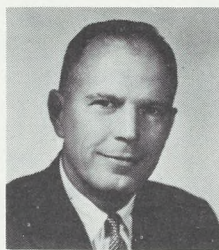
This is the advice given to the Board of Governors of the Federal Reserve System in Washington by the American Bankers Association. The ABA voiced major concern as expressed by its members. Key excerpts follow:

The major concern expressed by many members of our Association, from whom communications were received, was the reduction in investable funds due to the fact that any reduction in required reserves provided for in the proposed change in Regulation D would be more than offset by the loss of funds resulting from the immediate payment upon the day of presentment of cash letters received from Federal Reserve Banks. Many of the banks, which are located outside Federal Reserve cities and areas serviced by Regional Check Processing Centers, stressed the point that they feel very strongly that they are at a disadvantage because the cut-off hour for the presentment of cash letters to Federal Reserve Banks is the same for all banks.

In order to eliminate the foregoing inequity, it is imperative that the "cut-off-hour" procedure for the receipt of cash letters be so tailored as to permit banks located outside Federal Reserve cities and areas covered by Regional Check Processing Centers to receive the

same relative check collection service with respect to the same day's business as the banks located in those areas.

The American Bankers Association



Allen P. Stults, Pres. - ABA

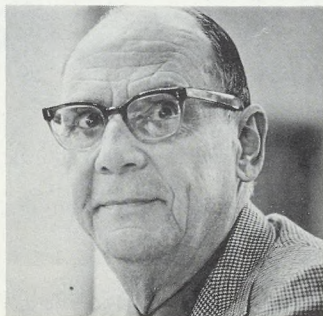
realizes that, under existing conditions, it would be very difficult, if not impossible, to devise a formula for modifying the proposed changes in Regulations D and J which would be entirely equitable insofar as each individual bank is concerned and at the same time accomplish the objectives of the Board, as set forth in the second paragraph of this letter. However, we do believe that the hardships that would be imposed upon many banks by the proposed changes strongly suggest that such proposals should be adjusted. The American Bankers Association, therefore, urges the Board to give consideration to the following suggested courses of action:

1. It is recommended that the implementation of the proposed changes in Regulations D and J for those banks located outside Federal Reserve cities and areas

served by Regional Check Processing Centers be timed to conform to the establishment of R.C.P.C.'s. Coupled with this suggestion is the strong recommendation that the areas covered by existing R.C.P.C.'s, as well as the proposed new ones, be expanded by the establishment of "pick-up points" for the acceptance of cash letters.

2. The proposed reserve requirement schedule should be revised in such manner as to lower the amount of reserves the small and medium size banks would be required to maintain with Federal Reserve Banks. Also, it is recommended that the higher reserve requirement that would be imposed against those few banks, whose classification would be changed from "country banks" to "Reserve City banks," be phased in over a period of time in order to lessen the unfavorable impact upon those banks.
3. In addition, in order to ease the unfavorable impact on many small banks it is recommended that the change in Regulation J be phased in over a period of time. One way the "phase-in" might be accomplished over a period of eighteen months would be by requiring banks

(Continued on back page)



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NATIONAL NEWS

CLARKSVILLE, Tenn. — Edward M. Norman, past chairman of the agricultural and community banker division of the American Bankers Association and president of the \$32.8 million-deposit First National Bank of Clarksville, was killed in an automobile accident near Clarksville last week.

Mr. Norman, who was 45, is survived by his wife, LaNelle, a son, Edward Jr., and a daughter, Elizabeth.

Mr. Norman headed the ABA's agricultural division from 1968 to 1971. For the past year he had been vice chairman of the ABA's agricultural credit task force.

IOWA NEWS

CLEAR LAKE: Community State Bank held open house this past week in their newly remodeled quarters, according to Earl R. Youngstrom, president.

CORALVILLE: Frank J. Eicher, Coralville Bank & Trust president, has announced the sale of \$250,000 in debentures at 7¼ per cent interest, to be used for capital for a new building and other expansion.

DAVENPORT: The number for the First National Bank of Davenport should be listed as 319/326-4001 in the Iowa Bank Directory.

DES MOINES: Valley Bank Trust Co. has received approval to join the Federal Reserve System.

HARLAN: The Harlan National Bank has filed a petition with the Comptroller of the Currency for permission to establish a branch facility.

KNOXVILLE: The telephone number for Iowa State Savings Bank should be

listed in the 1972 Iowa Bank Directory as 842-3138. Area code remains 515.

MAQUOKETA: The following promotions were announced at the Jackson State Bank: Don Henningsen, from assistant vice president to vice president; Bob Devine, from marketing and public relations manager to assistant vice president and trust officer; and Alan Burr, named farm loan officer. Directors increased surplus by \$200,000.

OTTUMWA: Gerald Retzlaff has been named to the farm loan department of the Union Bank and Trust Co. Mr. Retzlaff was formerly with the Belle Plaine Community School District.

SAC CITY: Russell Spearman, president of the Citizens Savings Bank, has announced plans for a new drive-in facility to be completed sometime in September.

WATERLOO: Mrs. Karen M. Johnson has been named assistant cashier of the Peoples Bank and Trust Co., according to R. K. Sverdahl, president. Mrs. Johnson has served in administrative capacities in the installment loan department.

WILTON JUNCTION: John M. Maurice has been named cashier and trust officer and Ronald W. Follmann was elected assistant cashier of the Wilton Savings Bank. The bank has also announced an increase in capital from \$200,000 to \$300,000.

NEBRASKA NEWS

GRAND ISLAND: Bankshares of Nebraska, Inc., has announced it is seeking approval with the State Banking Department to operate an industrial loan and investment company, to be known as Mid-Nebraska Loan and Investment Co., to provide financial services to the agricultural, industrial, commercial and con-

sumer fields. It would be the first such institution chartered in Grand Island.

OMAHA: Northwestern National Bank has announced the election of Patrick Brady to assistant vice president and Mrs. Mary Brown to trust operations officer.

MINNESOTA NEWS

CLAREMONT: The Security State Bank has purchased a building here for remodeling and bank occupancy.

DULUTH: Claude A. Lutzka, assistant vice president of First American National's marketing department, has been elected president of the Lake Superior Chapter of the National Association of Accountants.

MINNEAPOLIS: Piper, Jaffray & Hopwood, Inc., has managed an account which was the successful bidder on the issue of \$5,510,000 in bonds for Brooklyn Park, Minn.

PELICAN RAPIDS: The official title of the J. P. Wallace State Bank has been changed to the Pelican Valley State Bank by a vote of stockholders.

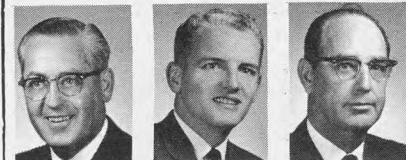
ST. JAMES: President Earl Henderson has announced the election of Don Downs and Vaughn Sinclair to the board of directors of the Citizens State Bank. Mr. Downs is president of Tony Downs Foods Co., and Mr. Sinclair is manager of Watonwan Farm Service Co.

VIRGINIA: L. E. Figel, chairman of the First Nat'l. Bank, has announced that Charles Ketola has been named to the board of directors. Mr. Ketola owns department stores in Virginia and International Falls.

WHEATON: The State Bank of Wheaton held open house in its new expanded banking quarters this past week, according to Maynard Hoium, cashier.

ILLINOIS NEWS

Officers for 1972-73 elected by the Illinois Bankers Association at the annual



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convention in St. Louis last week are: President — John F. McKnight, president, First Bank of Oak Park; 1st Vice President — James P. Ghiglieri, president, Citizens National Bank, Toluca; 2nd Vice President — Wm. O. Kurtz, Jr., president, Metropolitan Bank and Trust Company, Chicago, and Treasurer — C. Warren Breeding, president, Winchester National Bank.

An on-the-spot report with pictures by Publisher Malcolm Freeland will be published in the June *NORTH-WESTERN BANKER*.

CHICAGO: Gaylord Freeman, chairman of First Chicago Leasing Corporation, announced the election of Peter Nevitt as president of First Chicago Leasing Corporation, a wholly owned subsidiary.

CHICAGO: Harry Cornelius has been elected chairman of the board and Virgil Payawal was named president of the Guaranty Bank & Trust Co. Mr. Cornelius is vice president for finance and acquisition of National Consolidated Industries, Ltd., and president of Universal Marketing of Chicago. Mr. Payawal has served as the bank's chief executive officer and will retain that post.

GLEN ELLYN: The Bank of Glen Ellyn has officially changed its title to the First Security Bank of Glen Ellyn.

HILLSIDE: The Bank of Hillside has announced major staff changes. Keith J. Cone, formerly executive vice president of the LaSalle National Bank, Chicago, was elected chairman. John R. Braue, previously senior vice president of Chicago's O'Hare International Bank, was named president, chief executive officer and director.

In addition, Ralph Acker, president of the West Suburban Bank, Lombard,

and Robert McAndrews, president of Oak Ridge Holdings, Hillside, were elected to the board of directors.

WYOMING NEWS

EVANSTON: V. J. Smith, president of Stockgrowers Bank, has announced an agreement for purchase of the bank between Wyoming Bancorporation and the bank's present owners, a group associated with Pacific Western Life Insurance Co.

LARAMIE: P. W. Wilkie, First National Bank president, has announced the election of Roger Van Buskirk and Dr. Donald Veal as directors. Mr. Van Buskirk is president of Van Buskirk, Inc., and Dr. Veal is head of the department of atmospheric resources, college of engineering, University of Wyoming.

COLORADO NEWS

BOULDER: Directors of the National State Bank have announced promotion of two officers and appointment of three new officers. Leon H. Jenkins, head of the real estate department, and Edwin L. Singer, chief of the installment loan department, were promoted to vice presidents. The new officers are John H. McAdams, vice president, commercial loan, Donald E. Martin, cashier, and Joel D. Webb, operations officer. All three were previously employed at other First Natl. Bancorporation subsidiaries.

COLORADO SPRINGS: The First National Bancorporation of Denver has received approval from the Fed to acquire 80 per cent of the voting shares of the East Colorado Springs National Bank.

DENVER: The Comptroller of the Currency has given approval for the Metro National Bank to establish a branch facility.

DENVER: Sidney L. Brock, Jr., 69, a widely known banking executive, died here recently. Mr. Brock had served for many years as a senior officer and director of The First National Bank of Denver.

DENVER: J. L. Selinfreud, senior vice president, will head American National Bank's newly formed corporate planning division.

Other staff changes were also announced. Charles E. Stroh, vice president, will head the marketing department. Leonard J. Doherty was named vice president and will head public relations. Daryl Ramsdale was elected vice president in charge of Master Charge.

DENVER: Lance Johnson and Travis Townsend have been named assistant vice presidents in the commercial loan department of the Colorado National Bank.

In addition, four new officers were elected. They are: Robert Zorno, real estate loan officer, Kent Sawyers, investment officer, and Stephen Huth and John Harry, systems and programming officers.

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DENVER: Metro National Bank has received approval from the Comptroller of the Currency to establish a facility at 2031 Stout Street.

LAKEWOOD: The new Jefferson Bank South opened its doors for business last week. The new bank is an affiliate of Lakewood's Jefferson County Bank.

NORTH DAKOTA NEWS

FARGO: Kent Mongeon, a former Grant County, N. D., agent, has accepted a position with the First National Bank & Trust Co., according to R. D. Harkinson, president.

MOORHEAD: The First National Bank will begin construction soon on a new drive-in facility and a new customer service building.

NEW TOWN: Funeral services were held here for Gerhard H. Gorder, 71, president of the Lakeside State Bank. Mr. Gorder had been in the banking business for over 50 years.

VALLEY CITY: Walter Bauser, president of First National Bank, announces the addition of John Vanderboom as assistant vice president. Mr. Vanderboom started with Northern City National Bank in Duluth in 1966. During the past two years he has been a credit analyst at First Bank System headquarters in Minneapolis.

SOUTH DAKOTA NEWS

ABERDEEN: C. P. Moore, president, has announced four promotions at the First National Bank. In the main office, Gary Roth was named vice president and head of the personal banking department, and Randy Hansen was named assistant trust

officer. In the bank's Mobridge office, Joe Engelhart was elected installment loan and personnel officer and assistant manager, and Val Neuberger was advanced to operations officer. First National also has received approval from the Comptroller of the Currency's office to establish a branch in Aberdeen in the 1100 block of Northwest Eighth Avenue.

MITCHELL: Officers for 1972-73 elected by the South Dakota Bankers Association at the annual convention here May 19 are: President — Morris G. Winter, president, Andes State Bank, Lake Andes; 1st Vice President — John V. O'Donnell, president, 1st National Bank, Lemmon; 2nd Vice President — Henry Schelle, president, Tri-County State Bank, Chamberlain. Neil Milner continues as executive manager with headquarters at Huron. An on-the-spot report with pictures by Editor Ben Haller, Jr., will be published in the June *NORTHWESTERN BANKER*.

FED CHANGES...

(Continued from page 1)

during the first 6-month period to pay 25 percent of Federal Reserve cash letters in immediately available funds, with the remaining 75 percent being paid the following day; beginning with the second 6-month period the immediate payment requirement would be 50 percent with the other 50 percent being paid the following day; during the third 6-month period the immediate payment requirement would be 75 percent and after the end of that period the requirement would be 100 percent.

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