

# NORTHWESTERN Banker Newsletter

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## Fed Board Approves D & J Amendments

With only slight variations from its plan announced last March, the Federal Reserve Board of Governors last week adopted its amendments of Regulations D and J to become effective in late September and early October. Regulation D revises reserve ratios for banks and Regulation J requires all banks served by the Fed to pay for items with immediately available funds the same day they are presented by the Fed for payment.

Regulation D does away with the distinction among larger banks in big cities and small cities. Instead of certain large banks being classified as reserve city banks and all others as country banks, all banks with net demand deposits exceeding \$400 million for the reserve period will now be classed as reserve city banks, regardless of location.

Reserve ratios have been revised downward by the Fed and banks now are divided into five deposit size classes. Because of the adverse impact on many banks created by the revision in Regulation J requiring immediate payment, these lower reserve requirements and other steps have been taken to lessen the reduction in investable funds for many banks, especially smaller ones.

Regulation J becomes effective September 21. During that statement week of September 21 to 27, banks with less than \$100 million net demand deposits will pay reserve ratios according to the following scale based on the average level

of deposits for the week of September 13:

First \$2 million or less in deposits – 8%.

More than \$2 million to \$10 million – 10%.

More than \$10 million to \$100 million – 12%.

For banks with demand deposits between \$100 million and \$400 million, the present reserve ratio of 17½% will be reduced to 16½% as a first step, then during the statement week of September 28 to October 4 this will be reduced to 13%.

Larger banks with more than \$400 million net demand deposits had been paying 17% on the first \$5 million and 17½ on deposits over that amount. They will now have a flat reserve ratio of 17½%.

In its original proposal, the Fed would have imposed 13% reserves on banks from \$10 million to \$400 million. By inserting in its final regulation the new category – \$10 million to \$100 million – with the requirement of 12% reserves, the Board said it is releasing \$400 million in reserves, with \$250 million of this estimated to be going to country banks with deposits of more than \$10 million.

For those banks experiencing a net loss of funds of more than 2% of net demand deposits, the Fed will grant temporary waivers of penalties. All such



**PICTURE OF THE WEEK** – The theme of National Boulevard Bank of Chicago's two-week "Stars and Stripes Festival," which began June 26, is carried out in premiums pictured above: red, white and blue beach towel (deposit of \$200); red, white and blue ice bucket with American Eagle design (deposit of \$400), and American Eagle portable grille (deposit of \$600).

applications for waiver must be filed before August 15.

In addition to the effort to provide newly investable funds from the reduced reserve schedule, the FRB open market operations will be adjusted to neutralize the effects on monetary policy and banks with adjustment problems may use the Fed discount window for credit as they adjust to the new check-collection procedures.

The Federal Reserve Board stated it expects these revisions of Regulations D and J to result in a reduction of daily float by \$2 billion a day and a net release of reserves of about \$1.5 billion.

(Continued on back page)




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## IOWA NEWS

**AMES:** Homer P. McNeil has resigned as senior vice president, secretary and director at the First National Bank. He has been with the bank since 1924, and from 1956 to 1966 he was associated with the Rocky Mountain Bank. He rejoined First National in 1966 as senior vice president and head of bank operations.

Mr. McNeil's spot on the board has been filled by Dr. Joseph C. Picken, Jr., a former professor of Biochemistry at Iowa State University who has been a vice president of the bank for more than four years.

**CLINTON:** Myron Weil, president of the First National Bank, has announced the election of David D. Dulany to vice president, and of Ross Stuedemann to assistant vice president. Mr. Dulany joined the bank as public relations director in 1968, and is currently a loan officer. Mr. Stuedemann, who joined the bank in 1968, will assume duties as farm service representative.

**CLINTON:** It was announced that Robert Holleran and Frederick Thoms, formerly assistant vice presidents, have been promoted to vice presidents at the Clinton National Bank. Mr. Holleran handles commercial accounts, and Mr. Thoms is in the bank's agricultural department.

**NEWTON:** William Nugent has joined Newton National Bank as vice president, according to Duane D. Prill, president. Mr. Nugent has resigned as vice president at Security State Bank in Algona to

move to Newton. Roger Wheeland, senior vice president of the Newton National, is retiring from the bank at the age of 65, effective July 31.

**PERRY:** John M. Shanda has been elected president of Perry State Bank, effective July 1, to succeed M. D. Olson, who has resigned to open an investment business in Des Moines. Mr. Shanda has been a director of the bank since 1968. He has resigned as executive vice president of the Home State Bank in Jefferson to move to Perry.

**PORTSMOUTH:** Funeral services were held here recently for John J. Herkenrath, president of the Portsmouth State Bank. Mr. Herkenrath, 94, had been president of the bank for the past 57 years.

**SPENCER:** The promotion of Paul Strautz to vice president at the Clay County National Bank has been announced. Mr. Strautz serves the bank as an agricultural representative.

**STOCKPORT:** Controlling interest in the Iowa State Bank has been sold to William Logan and Fred R. O'Brien. Mr. Logan is president and Mr. O'Brien is vice president and cashier of the State Central Savings Bank, Keokuk.

The bank was sold by Hugh and Mildred Newman, who will remain active in the management of the bank. Mrs. Newman's father, Sam Watkins, helped organize the bank in 1928 and served as its president from 1932 until 1971. Mrs. Newman has been president of the bank since 1971, and Mr. Newman is cashier.

## Northeast Iowa Banks

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## NEBRASKA NEWS

**NEBRASKA CITY:** It was announced that Edwin Sasse has been promoted to assistant cashier at the Farmers Bank.

**OMAHA:** The Federal Land Bank of Omaha has reached a new high of \$1 billion in loans outstanding. President Wilbur Erickson attributed the record volume to "greater use of credit by farmers and ranchers." He also noted that while outstanding loans are at an all-time high, delinquent installments on loans are near an all-time low.

## ILLINOIS NEWS

**CHICAGO:** William B. Aldrich has resigned as assistant vice president in the correspondent bank department of American National Bank & Trust Co. to become vice president of Ashwell & Co., a dealer in short-term money market securities.

**CHICAGO:** Russell T. Cramer, president and chief executive officer, Pioneer Trust & Savings Bank, has announced the election of two: G. Wayne Anderson and Joseph J. Thomas as vice presidents. Mr. Anderson is in the consumer loan division, and Mr. Thomas is in the general banking department.

It was also announced that David C. Lindgren, credit manager, has been promoted to assistant cashier, and James W. Iversen was named manager of trust operations and assistant secretary.

**DARIEN:** A permit to organize has been issued to a group proposing to establish The Darien Bank. Total capitalization for the new bank has been set at \$1,000,000.

**ELMHURST:** A week-long open house is currently being held at the Bank of Elmhurst in honor of the bank's third anniversary. One thousand pine seedlings are being given away during the event.

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ROCKFORD: Robert K. Popple has moved to Chillicothe, Mo. to become president of the Chillicothe State Bank which has assets of more than \$20 million. Mr. Popple has been affiliated in Rockford with the American National Bank & Trust Co. and Illinois National Bank & Trust Co. for the past several years. Prior to that he was associated for many years with Bankers Trust Company, Des Moines, and was vice president in charge of the installment loan department when he resigned to join Illinois Bank & Trust.

ST. JOSEPH: Louis J. Nelson has been promoted to cashier at the State Bank of St. Joseph. He succeeds A. O. Dawson, executive vice president, in that position.

SANDWICH: An application for a permit to organize has been filed with the state commissioner by a group of local businessmen proposing to establish the First Security Bank.

## MINNESOTA NEWS

MINNEAPOLIS: It was announced that Mayer S. Tapper has been named vice president at the First National Bank. He is head of the bank's interim construction loan division.

It was also announced that David G. Hansen and Harold E. Augustine were named assistant vice presidents. Mr. Hansen is head of the mortgage banking unit, and Mr. Augustine is a member of the tax division of the trusts and investment management group.

MINNEAPOLIS: C. Bernard Jacobs, chairman of the National City Bank, has announced that the bank is increasing its capital by 53 per cent to \$13,500,000 through the sale of additional stock and a two for one stock split. This would make National City the third largest bank in Minneapolis and the sixth largest in Minnesota in terms of total capital.

MONTGOMERY: Leonard Ouradnik has been advanced from executive vice presi-



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dent to president of the Citizens State Bank. He succeeds Lorne R. Newhouse, who has returned to Marquette National Bank, Minneapolis, as assistant vice president in the correspondent banks division.

PELICAN RAPIDS: The name of the J. P. Wallace State Bank here has been changed officially to the Pelican Valley State Bank, upon authorization from the state Department of Commerce.

## COLORADO NEWS

BEAR VALLEY: Ronald C. Harris was named vice president, and William M. Dinges was promoted to cashier at the First National Bank. Mr. Harris was formerly head of operations at the First National Bank of Denver, and Mr. Dinges has been an assistant vice president for the bank.

It was also announced that Peter Smit was elected assistant loan officer, and Charline Whitecotton was promoted to assistant operations officer.

GRAND JUNCTION: The Comptroller of the Currency has given approval for a charter to James W. Mackley to establish a national bank here, to be known as The First National Bank-North in Grand Junction.

## WYOMING NEWS

CHEYENNE: James G. Melvin, cashier, has been promoted to vice president and comptroller at the Cheyenne National Bank. He was succeeded as cashier by Roy L. Bowen, formerly assistant cashier in the installment loan department.

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CHEYENNE: Jerry D. Sprague has joined the staff of the American National Bank as an assistant cashier, according to President Robert J. Sorensen. He was formerly with a finance company in Texas.

HANNA: Approval from the state examiner is being sought for a new bank here. It was announced that Welton Construction Co. of Saratoga will construct the bank building, but no further arrangements were announced.

## NORTH DAKOTA NEWS

GRAFTON: Gary Hanson has been promoted from ag representative and assistant cashier to assistant vice president. It was also announced that F. W. Greenagel, a local attorney, was named to the board of directors, and Darryl J. Lutovsky of Fargo has joined the bank staff.

NEW TOWN: A. L. Petersen, who recently purchased controlling interest in the Lakesiden State Bank, has been elected chairman of the board, and Mrs. A. L. Petersen was named president, succeeding the late G. H. Gorder.

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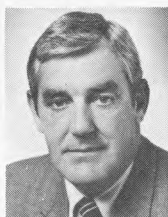
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# COULSON CANNON AND MUIR

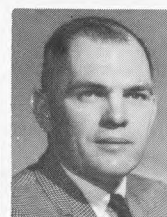
Three of our men  
on your side at



Fred Coulson



Tom Cannon



Dick Muir

# COMMERCE BANK of Kansas City

D & J AMENDMENTS...  
(Continued from Page 1)

After its release of the proposed changes in regulations last March, the Federal Reserve Board asked for comments from banks and states that it heard from fewer than 5% of the nearly 14,000 banks in the country.

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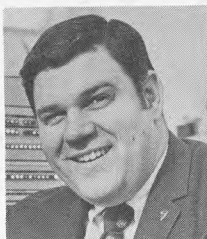
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