

NORTHWESTERN Banker Newsletter

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Calls Postal Treasury Work "Miraculous"

Allen P. Stults, president of the American Bankers Association and chairman of the American National Bank and Trust Company of Chicago, has characterized the accomplishments of the United States Postal Service's Treasury Department as unique and close to miraculous.

"It is almost inconceivable," Mr. Stults said, "that within a relatively few months the flow of billions of dollars has been transferred from the Government (Federal Reserve banks) to the private commercial banking system, almost without a hitch. Truly remarkable and to the benefit of every taxpayer is that in the process approximately \$200 million has been realized for investment, making a major contribution to the approximately \$10 million investment income which the Postal Service will earn in its first year of operation. All of this, naturally, benefits the users of the Postal Service and taxpayers generally."

Mr. Stults was particularly laudatory of the outstanding ability and dedication of Postal Service Treasurer John MacKinnon, Postal Service Director of Banking Jim Blair, and Assistant Postmaster General Dick Gould, who played vital roles in this remarkable performance.

"In giving credit for this performance, we should not lose sight of the fact that Congress had the foresight to make all this possible and the Treasury Department has worked closely in helping the transition from government to private facilities. It would be a matter of

substantial significance if this were to establish a precedent for the transition of other agencies from the governmental to the private sector, either in whole or in part."

His remarks were in connection with the Postal Service announcement on June 23 that the objectives set for its 21-bank concentration system had been met within the first 90 days of operation. In remarks before concentration bank representatives meeting in Atlanta, Mr. MacKinnon made the following points:

1. The Postal Service has drawn down from its 9,500 primary collection banks over \$200 million in excess balances, net of balances required to cover processing and reporting costs of the 21 concentration banks.

2. The Postal Service has met its objective of realizing an annual income of between \$8 and \$10 million from the new collection system. Funds freed up by the new system provided the Postal Service with \$2.4 million of investment income in the second quarter of 1972, or approximately \$9.6 million at an annual rate.

3. The 32,000 Postmasters throughout the country find the new reporting system to be less burdensome than the earlier method of depositing in their local banks and then drawing a check against the bank for transmittal of funds to the nearest Federal Reserve Bank.

4. The Postal Service has relieved the Federal Reserve System of the cumber-



PICTURE OF THE WEEK — Mrs. U.S. Savings Bonds, Jacqueline Sue Goreham of Denver, Colo., special guest at Transpo 72, "sells" Secretary of Transportation John A. Volpe a \$100 bond on opening day of the first U.S. International Transportation Exposition in Washington, D.C.

some processing of Postal Service deposits and now relies entirely on transmittal of funds within the commercial bank system.

In other developments, Mr. Blair announced that the consolidation of Postmaster's accounts within branch banks with more than one Postmaster account is to proceed, with a final completion date of September 1, 1972. This will have the effect of reducing internal bank costs, as well as overall costs of banking services to the Postal Service.

(Continued on back page)



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Look For Increased Earnings in 1972

At a recent Bank Management Symposium given by The Northern Trust Company, Chicago, a survey of 65 bankers from 18 states showed that 77% expect to see their earnings rise in 1972, compared to 64% of those surveyed in March. 15% predict lower earnings in 1972, while 8% foresee no change over last year.

Outlook for loan demand in 1972 has brightened considerably since the March survey. 94% of the respondents are looking for increased demand in the commercial loan area, with 92% expecting increases in the installment loan business and 83% predicting an upswing in their real estate loan demand.

On the question of deposits, 91% of the bankers expect savings deposits to increase, while 86% of those surveyed are looking for an increase in their demand deposits.

In predicting where several of the major economic indicators would move during the remainder of 1972, bankers at the symposium felt that the prime rate would average 5.75%, and that the Dow-Jones Industrial Average would range

between 890 and 1100. When asked how they would characterize business conditions in their bank, 80% answered moderately prosperous or very expansionary.

IOWA NEWS

DES MOINES: The Federal Reserve Bank of Chicago's Regional Check Processing Center will be located in the former Continental Western Insurance Company building at 616 10th Street in downtown Des Moines. The RCPC has a five-year lease and extensive remodeling will be done to accommodate new data processing equipment.

DES MOINES: Arthur E. Lindquist, Jr., exec. v.p. and sec'y. of the Iowa Bankers Assn., has announced that he will not be a candidate for re-election as secretary and executive vice president. Formal notice will be given to the Council of Administration at its meeting in Des Moines on Wednesday, July 12. Mr. Lindquist's proposal to the Council will be that he will continue in his present capacity until November 15, 1972.

EARLING: The Farmers Trust & Savings Bank has received approval to change the location of its main office from 111-113 Main St. to 122-124 Main St.

ELKADER: A. J. Johnson, president of the Central State Bank, recently celebrated his 50th anniversary in the banking profession. He has been with the Elkader bank since 1929, and has served as president since 1946. He is also manager of the Fidelity Investment and Realty Co. here, which he organized in 1936.

FREDERICKSBURG: New officers were recently elected at the First State Bank. They are: V. M. Upham, chairman; Merrill Shaw, president; Mickey E. Lewis, executive vice president; W. F. Borcharding, vice president and consultant, and Willis Hansen, vice president.

A special open house was recently held for customers to meet officers and staff members of the bank.

JEFFERSON: Three officers have been promoted at the Jefferson State Bank. They are: Harlan D. Sterk, senior vice president, Roger R. Rinderknecht, vice president, and Larry A. Bergemann, assistant vice president.

LONE TREE: Donald Kout, executive vice president of the Farmers & Merchants Savings Bank, announces that construction is now underway on the new bank building. Becker & Associates of Alta, Ia., did the design and engineering work.

SPENCER: The promotion of Paul Strautz to vice president at the Clay County National Bank has been announced.

STORY CITY: Remodeling has begun on the old Pioneer Building to house the Randall Story State Bank, according to Carroll B. Kinseth, president. The bank has been known as Randall State Bank, located in nearby Randall, and has received permission to move the charter to Story City. An office will be retained in Randall.

WEST POINT: Mike E. Masilko has joined the staff of the First National Bank here. Mr. Masilko was formerly vice president and cashier of the First National Bank of Omaha.

NEBRASKA NEWS

FAIRBURY: An open house will be held Sunday, July 16 in the remodeled bank quarters of the First National Bank. The bank has also completed new drive-in facilities.

OMAHA: The Ames Plaza Bank has received approval from the FDIC to move its main office from 5908 Ames Ave. to the intersection of 72nd Street, Ames Ave., and Military Ave.

ILLINOIS NEWS

BLOOMINGTON: The state commissioner has approved a merger between the Peoples Bank and the Peoples Mid-Illinois Bank. Outstanding stock of Peoples Bank will be converted to common stock in Peoples Mid-Illinois Corp., a holding company.

CARLOCK: The Bank of Carlock has received FDIC approval to change its



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main office from 202 E. Washington St. to 207 E. Washington.

CHICAGO: Ray Kranz, Jr., senior vice president, has been advanced to executive vice president at the University National Bank. Mrs. Annetta K. Purka was advanced to senior vice president.

In addition, George D. Kratt, III, has been promoted to vice president, and Henry W. Washington, formerly assistant cashier, was named assistant vice president.

CHICAGO: Harris Trust & Savings Bank has received approval from the Bahamas Monetary Authority to open a branch in Nassau. Operations are expected to begin sometime this month.

CHICAGO: John N. Fix has been promoted to vice president in the banking department of the Northern Trust Company. He serves as a commercial lending officer responsible for commercial and correspondent business in Minnesota and the Pacific Northwest.

PEKIN: The promotion of Robert D. Somers to assistant vice president was announced following a recent board meeting by President William E. Troutman. Mr. Somers, who joined the bank in 1968, was previously assistant cashier.

SKOKIE: John D. Gateley has joined the staff of Old Orchard Bank & Trust Co. as vice president in the business banking and loan department, according to Louis E. Rieger, president. With 10 years banking experience in the Chicago area, Mr. Gateley is a qualified commercial and consumer lending officer. He will also serve in the bank's business development program.

MINNESOTA NEWS

DULUTH: Otis E. Stube, a 42 year Duluth banker, has retired from the Northern City National Bank, according to C. Glenn Rye, president. Mr. Stube had been associated with Northern City and one of its predecessor banks, Northern National, since 1930.

ELY: Ronald W. Walls, a local attorney, has been named to the board of directors of the First National Bank, according to J. R. Pellikka, president. Mr. Walls succeeds Joseph Sever, Jr., who resigned. Mr. Sever was a former vice president and auditor of the bank.

MANKATO: George R. Peterson, Jr., has been elected to the Northwestern Nat-

ional Bank's board of directors. Mr. Peterson is owner and president of Creative Education.

MINNEAPOLIS: Harry C. Piper, Jr., chairman of Piper, Jaffray & Hopwood, has been nominated to serve as one of 10 securities industry representatives on the reorganized board of directors of the New York Stock Exchange. Mr. Piper is currently a member of the present 33-man board.

MINNEAPOLIS: Carl Berquist has retired from the Federal Reserve Bank of Minneapolis. Mr. Berquist had been with the Fed since 1941, and was a member of the bank relations staff since 1948.

MINNEAPOLIS: Frank N. McKean has been named assistant vice president of Midland National Bank. Michael E. Bodeen, William J. Breit, and Gordon J. Spartz were named assistant cashiers.

MINNEAPOLIS: Mayer S. Tapper has been named vice president and head of the interim construction loan division at the First National Bank. David G. Hansen and Harold E. Augustine were named assistant vice presidents at the bank.

COLORADO NEWS

DENVER: The United Bank of Denver has announced the promotions of Doyle P. Smith and Charles H. Powers to vice presidents in the commercial banking division. Jed J. Burnham was appointed commercial banking officer.

DENVER: Mrs. L. Bernadine Hawkins, assistant credit officer at the First National Bank, has been named 1972-73 chairman of the National Credit Women's executive committee. She was chosen at the annual Credit Congress of the National Association of Credit Management in Houston, Texas.

LAKEWOOD: Frank Coolbaugh has been elected chairman of the board of the Lakewood Colorado National Bank. Mr. Coolbaugh, who is president of Mine Finders Inc. and executive vice president of Coolbaugh Mining Corp., has served as a director of the bank since it was organized in 1969.

PUEBLO: Approval for federal deposit insurance has been given to the Centennial Bank of Pueblo. Total capital for the bank is \$500,000. David J. Snyder is president.

WYOMING NEWS

CHEYENNE: Deposits in Wyoming's 71 state and national banks increased by \$136 million from Apr. 20, 1971, to Apr. 18, 1972.

RANCHESTER: Controlling interest in the Rancheater State Bank has been purchased by Mr. and Mrs. Wynn Terwilliger, owners of the Western National Bank of Lovell, from Hazel Black, Byron Rawlings, and Bob Rawlings. The Rawlings family had owned controlling interest in the bank for 54 years.

MONTANA NEWS

HELENA: The annual ag lenders range school is being held this week near Colstrip, according to R. C. Wallace, MBA secretary-treasurer. Director of the school is Carl L. Wambolt, range specialist at Montana State University.

NORTH DAKOTA NEWS

DICKINSON: A grand opening was held recently for the expanded motor bank facilities of the First National Bank & Trust Co. The latest Dieblod pneumatic tube units were installed at the bank, the first to be installed in North Dakota or several surrounding states.

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SOUTH DAKOTA NEWS

CASTLEWOOD: Alan G. Atha has joined the Citizens State Bank as executive manager. He began his banking career in 1963 as an examiner with the FDIC, and has more recently served as an instructor at the Federal Reserve Bank Examiners School in Washington, D.C.

SIOUX FALLS: The comptroller of the currency has given approval to the First National Bank to establish a branch office. It was announced by the bank that Cal Stilwell was elected assistant vice president and will manage the new office.

It was also announced that A. N. Junge has joined the bank staff and has been named assistant vice president.

YANKTON: Ronald E. Johnson has been named to the staff of the American State Bank's installment loan department. Mr. Johnson was formerly manager of the Yankton office of Associates Financial Services Co.

POSTAL TREASURY.....
(Continued from Page 1)

For the cash management and investment areas, Albert J. Finch, Director, announced that:

1. The U. S. Postal Service has executed \$5.7 billion in repurchase agreements since July 1, 1971. Of this amount \$3.9 billion, representing 68 percent of its business, has been done directly with commercial banks throughout the nation.

2. The Postal Service will earn more than \$100 million in investment income during its first year of operations under the Postal Reorganization Act of 1970. This is income never before accruing to the benefit of the service and its customers.

3. The Service will introduce a new paper Money Order in February - March of 1973. The conversion will occur on a phased basis and it is expected that by July 1, 1973, no Post Office will be selling the punch card type. The paper Postal Money Order will be 3-1/4 inches high, 6 inches long and will be designed to meet ABA check standards, including MICR encoding.

The face value of money orders will be increased to a \$300 limit from the present limit of \$100, which should have a favorable impact on this business which currently amounts to \$5 billion annually. The new MICR encoded paper money order should provide considerable assistance to commercial banks in handling and processing of Postal Service money orders, he said.

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