

# NORTHWESTERN Banker Newsletter

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October 2, 1972

## IBAA Asks Preliminary Injunction on Reg. J

Attorneys for the Independent Bankers Association of America on Tuesday, September 26, requested a Federal District Court judge in Washington, D. C., for a preliminary injunction against the Federal Reserve Board which, if granted, would mean setting a date for a court hearing. The judge then would hear from both sides in the dispute over the Fed's planned initiation of changes in Regulation J.

The IBAA and Western Independent Bankers had obtained on September 19 in the nation's capital a temporary restraining order preventing the implementation of the proposed rule change and this t.r.o. was granted for a 10-day period starting September 19 and lapsing September 29.

The various Fed banks immediately notified all banks in their respective districts of the court action and said the proposed change for Regulation J, which would require all banks to pay for checks on the same day they receive them, is being held in abeyance, and all rules in effect prior to September 21 would continue in effect until the court action is resolved.

In addition, the Fed Board held off implementation of revised Regulation D, which would have instituted a revised schedule of reserves.

A spokesman for the IBAA said the independent bankers have been talking to the Fed since last April regarding

Regulations D and J and were not getting any satisfactory response. On July 26th, the IBAA executive Council voted to petition the Fed for reconsideration of Regulation J. The IBAA, the spokesman stated, was joined in this action on August 31 by the American Bankers Association and the Conference of State Bank Supervisors when the petition was presented to the Fed Board.

It was reported in Washington that the Fed made responses to the ABA and CSBS denying the request for full or partial postponement. The IBAA states it received no response.

If no court action had been taken, the petition to the Fed apparently would have automatically been denied by institution of revised D and J on September 21.

Consequently, the IBAA determined to seek a temporary restraining order in the Washington, D. C., federal court. The IBAA spokesman said no denial was released to that association by the Fed until several hours after the IBAA attorneys had informed the Fed they were on their way to the courthouse seeking the stay.

At the same time, a West Coast group of about 40 banks had made it known they intended going into Los Angeles district Court and seeking a restraining order against the San Francisco Fed from putting the new D and J into effect. The West Coast group is



**PICTURE OF THE WEEK** — Entertainer **Bob Hope** presented the Minnesota Bankers Association with the special Liberty Bell Award from the Savings Bond Division of the United States Treasury Department in recognition of their support of the program and their sponsorship of drawings for Savings Bonds at Farmfest, U.S.A.

Shown left to right are: **G. M. Pieschel**, MBA Council of Administration member and exec. v.p., Farmers & Merchants, Springfield; **Clifford C. Sommer**, Minn. volunteer state chairman for Savings Bonds, immediate past pres. of ABA and v.p., Northwest Bancorporation; and **Truman L. Jeffers**, exec. v.p. of MBA. Visitors to the Farmfest, near Vernon Center, registered to win one of four U.S. Savings Bonds awarded daily.

headed by Walter M. Sharp, president of the Community Bank in Huntington Beach, Calif.

The IBAA action came while top Fed attorneys apparently had decided to go to the west coast hearing, and subsequently they reportedly felt they were

(Turn to back page, please)

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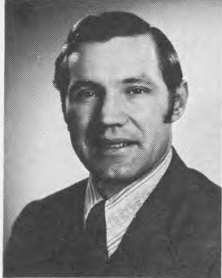
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## IOWA NEWS

A. Neil Milner, 36, has been selected as executive vice president and secretary of the Iowa Bankers Association to succeed Arthur E. Lindquist, Jr., who announced several months ago his intention of retiring December 1, 1972. Mr. Milner will assume his new duties on January 1, 1973.



He is currently executive manager of the South Dakota Bankers Association, headquartered in Huron. He joined the SDBA September 1, 1968, as executive secretary and treasurer and was promoted to his present title in May, 1971. Previously, he had been associated with the Ohio Bankers Association from 1962 until moving to South Dakota. He joined the Ohio Bankers staff as public relations director, then was promoted to deputy manager in 1966.

Mr. Milner received a degree in Ag Economics from Ohio State in 1958. He is married and has three children, ages 10, 8 and 1.

A more detailed story will be in the next issue of the *Northwestern Banker*.

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The Iowa Supreme Court recently ruled unanimously that former Superintendent of Banking Collin Fritz was correct in denying a charter for a new state bank at Arnold's Park. Mr. Fritz had appealed an earlier ruling by Polk County District Judge A. B. Crouch overturning his refusal to grant a charter for the proposed Okoboji Marine State Bank.



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The high court disagreed with Judge Crouch, saying that under the new banking act which took effect January 1, 1970, the Iowa banking superintendent is required to make decisions that take into consideration the overall public good. Because there is evidence that Mr. Fritz's observations were based on the economic situation and the needs of the public already being served, his decision was not arbitrary, the court said.

**DES MOINES:** Central National Bank will be among the tenants of a new \$3.8 million, nine-story office building to be built in West Des Moines, it was announced recently. It will have a branch office with complete banking facilities in the building.

**HARPERS FERRY:** The board of directors of Kerndt Brothers Savings Bank, Lansing and Harpers Ferry have announced the construction of a new banking facility at Harpers Ferry.

**SIoux CITY:** Elwood H. Olsen has been elected chairman of the board of the Morningside State Bank and Robert MacReynolds has been elected president and manager. Mr. Olsen replaces Neal C. Tennis, former president, who has sold his interest in the company which owns the bank.

**SIoux CITY:** Two businessmen have been elected to the board of directors of Security National Bank. They are: Harold A. Bomgaars, vice president of Bom-

gaars Supply and William F. Turner, executive vice president of Foward of Iowa, Inc., and general manager of KCAU-TV.

**SIoux CITY:** John Haver, vice president and manager of the real estate mortgage and trust departments of Northwestern National Bank has retired. A more complete story will be in a following issue of the *Northwestern Banker*.

## NEBRASKA NEWS

Roland Emmett, president of the Nebraska Bankers Association and president, Citizens State Bank, Arapahoe, announced at the group meetings during the past two weeks that the NBA Executive Council has approved a suggested bill from its legislative committee that would expand Nebraska's facility law. The suggested revision, now to be considered by two opposing groups of bankers, would grant banks two facilities instead of the present one, with one facility continuing to be within 2,600 feet of the main bank. Details are in the October *Northwestern Banker*, in the mail this week.

**BROKEN BOW:** Ted L. Armbruster, executive vice president of the Nebraska State Bank has been appointed to the governing council of The American Bankers Association by ABA President-Elect Eugene H. Adams.

**COZAD:** The Cozad State Bank's application for consent to exercise trust powers has been approved.

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That's why over half the banks in Iowa are  
— MNB correspondents

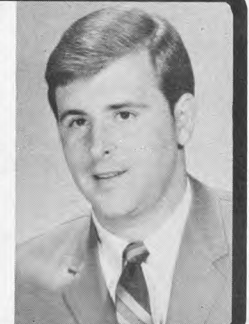
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**IMPERIAL:** Henry E. Ley, director of banking, has approved the application of the First National Bank to convert to a state chartered bank and to operate under the name of Chase County Bank & Trust Company.

**LINCOLN:** The City National Bank has been granted fiduciary powers by the Administrator of National Banks, with permission to operate a trust department. The board of directors has named Roland H. Tornblom, bank president, as trust officer, in addition to his other duties.

**OMAHA:** Omaha National Bank has announced the following promotions: Delwyn Bowden, Peter Gage, Jr., and Elmer R. Mashek to second v.p.'s.; John D. Schmidt, to loan officer; Ellen C. Mitchell, to asst. investment officer, and LaVerne Kelsay, to assistant trust operations officer.

**MINNESOTA NEWS**

**BIRD ISLAND:** Construction on the new State Bank of Bird Island has begun. The building will have 4,000 square feet on each of two levels, along with a drive-up window, parking space for 28 cars and a future visual remote station.

**EAGAN:** Hugh A. Fitzgerald has been elected a vice-president of Valley National Bank in charge of the commercial loan division. He has been assistant vice president at the First National Bank of St. Paul for the past five years.

**LAKEVILLE:** The First National Bank of Lakeville has filed an application with the Comptroller of the Currency to

construct a drive-in facility in the downtown area.

**MINNEAPOLIS:** First Bank System has announced the formation of a public affairs department under the direction of Lloyd L. Brandt. He joins the company from the Greater Minneapolis Chamber of Commerce where he has served as manager of the legislative and community affairs department.

**TWO HARBORS:** Roger Reuter was elected vice president and cashier by the board of directors of the First National Bank. He began his career in Hastings in 1965 when he joined the staff at Northwestern National Bank.

**ILLINOIS NEWS**

**DECATUR:** An application for a permit to organize the Peoples State Bank of Decatur has been filed by a group of applicants. Total capitalization would be \$750,000 consisting of \$300,000 in both capital stock and surplus and \$150,000 in reserve for operating expense. The 30,000 shares would have a par value of \$10 each.

**DARIEN:** A charter has been issued for the organization of The Darien Bank with total capitalization of \$1,000,000, consisting of \$400,000 in both capital stock and surplus and \$200,000 in reserve for operating expenses. Eugene R. Kolling is president and cashier.

**FREEPORT:** Funeral services were held recently for Robert M. Rodenfels, assistant cashier of the First National Bank of Freeport.

**NORTH DAKOTA NEWS**

**GRAFTON:** Ray Charlton has been named president of The Grafton National Bank. He formerly was vice president of the Northwestern Bank and Trust Company at St. Cloud, Minn.

**MANDAN:** James E. Noonan has been elected president of the First National Bank of Mandan, according to William R. Tait, current president who has resigned to become president of The First National Bank of Anaconda in Butte, Mont. Mr. Noonan was vice president and cashier.

**NEW TOWN:** The Lakeside State Bank has opened its new drive-in facilities, according to Darold Petersen, vice president.

**SOUTH DAKOTA NEWS**

**ABERDEEN:** G. D. McQuillen, vice president and comptroller, has been elected a senior vice president at the head office and Dale Griffin was advanced to insurance officer at the bank's Mobridge branch.

**COLORADO NEWS**

**DENVER:** Bruce Rockwell, president of the Colorado National Bank, was elected to the board of directors of the Colorado & Southern Railway.

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### WYOMING NEWS

**CHEYENNE:** Robert J. Smith has been appointed assistant treasurer of Wyoming Bancorporation. He is the former manager of audits for Lybrand, Ross Bros. & Montgomery of Denver.

**CHEYENNE:** M. Clare Mundell, former dean of the College of Commerce and Industry at the University of Wyoming, has been named executive secretary of the Wyoming Bankers Association, according to Bernard Weber, association president.

**LARAMIE:** The board of directors of Wyoming Bancorporation has announced a quarterly dividend of 9c per share will be paid October 23 to stockholders of record as of the close of business September 30. This is the 10th consecutive dividend paid since the company's inception in March, 1970.

**RIVERTON:** Brekken Construction will build an addition to the American National Bank, according to John Benesch, president. The addition will be in the lawn area west of the one-story building and will almost double the bank's floor space.

### IBAA INJUNCTION...

(Continued from page 1)

"decoyed" out of Washington. This was denied by IBAA, which had no part in the west coast court action.

If the preliminary injunction is granted in Washington, the case will be heard further in court. If it is denied, then it is assumed the Fed will initiate the new rules on D and J at the earliest possible date — probably 10 days after expiration of the present restraining order, or possibly October 9.

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